

As confidentially submitted to the Securities and Exchange Commission on December 4, 2017.

File No.

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 10**

**GENERAL FORM FOR REGISTRATION OF SECURITIES  
PURSUANT TO SECTION 12(b) OR 12(g) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

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**Wellsite Corporation**  
(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**2445 Technology Forest Blvd  
Building 4, 9th Floor  
The Woodlands, Texas**  
(Address of principal executive offices)

**82-3066826**  
(I.R.S. Employer  
Identification No.)

**77381**

(Zip Code)

**Registrant's telephone number, including area code: (281) 403-5772**

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*With copies to:*

**Ivonne M. Cabrera, Esq.  
Dover Corporation  
3005 Highland Parkway  
Downers Grove, IL 60515  
(630) 541-1540**

**Joshua Ford Bonnie  
William R. Golden III  
Simpson Thacher & Bartlett LLP  
900 G Street, N.W.  
Washington, D.C. 20001  
(202) 636-5500**

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**Securities to be registered pursuant to Section 12(b) of the Act:**

**Title of each class  
to be so registered**  
**Common Stock, par value \$0.01 per share**

**Name of each exchange on which  
each class is to be registered**  
**New York Stock Exchange**

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**Securities to be registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

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**WELLSITE CORPORATION**

**INFORMATION REQUIRED IN REGISTRATION STATEMENT**

**CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT AND ITEMS OF FORM 10**

Certain information required to be included in this Form 10 is incorporated by reference to specifically-identified portions of the body of the information statement filed herewith as Exhibit 99.1. None of the information contained in the information statement shall be incorporated by reference herein or deemed to be a part hereof unless such information is specifically incorporated by reference.

**Item 1. *Business.***

The information required by this item is contained under the sections of the information statement entitled “Summary,” “Risk Factors,” “Cautionary Statement Concerning Forward Looking Statements,” “Management Discussion and Analysis of Financing Condition and Results of Operations,” “Business,” “Wellsite’s Relationship with Dover Following the Distribution” and “Where You Can Find More Information.” Those sections are incorporated herein by reference.

**Item 1A. *Risk Factors.***

The information required by this item is contained under the section of the information statement entitled “Risk Factors” and “Cautionary Statement Concerning Forward Looking Statements.” Those sections are incorporated herein by reference.

**Item 2. *Financial Information.***

The information required by this item is contained under the sections of the information statement entitled “Selected Historical Combined Financial Data,” “Unaudited Pro Forma Combined Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Those sections are incorporated herein by reference.

**Item 3. *Properties.***

The information required by this item is contained under the section of the information statement entitled “Business—Properties.” That section is incorporated herein by reference.

**Item 4. *Security Ownership of Certain Beneficial Owners and Management.***

The information required by this item is contained under the section of the information statement entitled “Security Ownership of Certain Beneficial Owners and Management.” That section is incorporated herein by reference.

**Item 5. *Directors and Executive Officers.***

The information required by this item is contained under the section of the information statement entitled “Management.” That section is incorporated herein by reference.

**Item 6. *Executive Compensation.***

The information required by this item is contained under the section of the information statement entitled “Management—Executive Compensation.” That section is incorporated herein by reference.

**Item 7. *Certain Relationships and Related Transactions, and Director Independence.***

The information required by this item is contained under the sections of the information statement entitled “Management,” “Certain Relationships and Related Person Transactions” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Those sections are incorporated herein by reference.

**Item 8. *Legal Proceedings.***

The information required by this item is contained under the section of the information statement entitled “Business—Legal Proceedings.” That section is incorporated herein by reference.

**Item 9. *Market Price of, and Dividends on, the Registrant’s Common Equity and Related Stockholder Matters.***

The information required by this item is contained under the sections of the information statement entitled “Dividend Policy,” “Capitalization,” “The Separation and Distribution” and “Description of Wellsite Capital Stock.” Those sections are incorporated herein by reference.

**Item 10. *Recent Sales of Unregistered Securities.***

The information required by this item is contained under the section of the information statement entitled “Description of Wellsite Capital Stock—Sale of Unregistered Securities.” That section is incorporated herein by reference.

**Item 11. *Description of Registrant’s Securities to be Registered.***

The information required by this item is contained under the sections of the information statement entitled “Dividend Policy,” “Capitalization,” “The Separation and Distribution” and “Description of Wellsite Capital Stock.” Those sections are incorporated herein by reference.

**Item 12. *Indemnification of Directors and Officers.***

The information required by this item is contained under the section of the information statement entitled “Description of Wellsite Capital Stock—Limitations on Liability and Indemnification of Officers and Directors and Insurance.” That section is incorporated herein by reference.

**Item 13. *Financial Statements and Supplementary Data.***

The information required by this item is contained under the sections of the information statement entitled “Index to Financial Statements” (and the financial statements referenced therein). That section is incorporated herein by reference.

**Item 14. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.***

None.

**Item 15. Financial Statements and Exhibits.**

**(a) Financial Statements**

The information required by this item is contained under the section of the information statement entitled “Index to Financial Statements” (and the financial statements referenced therein). That section is incorporated herein by reference.

**(b) Exhibits**

See below.

The following documents are filed as exhibits hereto:

<b>Exhibit Number</b>	<b>Exhibit Description</b>
2.1	Form of Separation and Distribution Agreement by and between Dover Corporation and Wellsite Corporation.*
3.1	Form of Amended and Restated Certificate of Incorporation of Wellsite Corporation.*
3.2	Form of Amended and Restated By-Laws of Wellsite Corporation.*
10.1	Form of Transition Services Agreement by and between Dover Corporation and Wellsite Corporation.*
10.2	Form of Tax Matters Agreement by and between Dover Corporation and Wellsite Corporation.*
10.3	Form of Employee Matters Agreement by and between Dover Corporation and Wellsite Corporation.*
10.4	Form of Omnibus Incentive Plan.*
10.5	Form of Indemnification Agreement for Directors and Officers.*
20.1	Subsidiaries of Wellsite Corporation.*
99.1	<a href="#"><u>Information Statement of Wellsite Corporation, preliminary and subject to completion, dated December 4, 2017.**</u></a>
99.2	Form of Notice of Internet Availability of Information Statement Materials.*

\* To be filed by amendment.

\*\* Filed herewith.

**SIGNATURES**

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

Wellsite Corporation

By: \_\_\_\_\_

Name: Sivasankaran Somasundaram

Title: President and Chief Executive Officer

Date: \_\_\_\_\_, 2017

**Wellsite Corporation has requested confidential treatment of this registration statement and associated correspondence pursuant to Rule 83 of the Securities and Exchange Commission.**

**Exhibit 99.1**



Dear Dover Corporation Stockholder:

I am pleased to inform you that on \_\_\_\_\_, the Board of Directors of Dover Corporation approved the distribution of all of the shares of common stock of Wellsite Corporation, a wholly-owned subsidiary of Dover, to Dover stockholders. Wellsite holds a substantial portion of our upstream energy businesses within our Energy segment. Upon completion of the spin-off, Wellsite will be a stand-alone, publicly traded company that is a leading provider of highly engineered technologies that help companies drill for and produce oil and gas efficiently and safely around the world. Dover will remain a market leader in delivering innovative equipment and components, specialty systems, consumable supplies, software and digital solutions, and support services.

We believe the separation will enhance the long-term performance of both businesses and create lasting value for our stockholders. The transaction furthers Dover's strategy to streamline our portfolio and focus and invest in our core platforms of market-leading businesses competing in attractive industrial markets that offer lower volatility and strong growth prospects. At the same time, as a pure-play upstream energy business with dedicated leadership, Wellsite will be well positioned to leverage its already strong businesses and trusted brands, take advantage of favorable industry fundamentals and growth opportunities within its markets, and align its structure and capital allocation strategy with a dedicated investor base.

The separation will be in the form of a pro rata distribution of all of the outstanding shares of Wellsite's common stock to holders of Dover's common stock. Each Dover stockholder will receive one share of Wellsite's common stock for every \_\_\_\_\_ shares of Dover's common stock held as of the close of business on \_\_\_\_\_, the record date for the distribution. Stockholder approval of the distribution is not required, and you do not need to take any action to receive shares of Wellsite's common stock to which you are entitled as a Dover stockholder as of the record date. In addition, you do not need to pay any consideration or surrender or exchange your Dover common stock in order to receive shares of Wellsite's common stock.

We expect that, for U.S. federal income tax purposes, the distribution of shares of Wellsite's common stock in the separation will be tax-free to Dover stockholders, except with respect to cash received in lieu of fractional shares.

I encourage you to read the attached information statement, which is being provided to all holders of Dover's common stock as of the close of business on \_\_\_\_\_. The information statement describes the separation in detail and contains important business and financial information about Wellsite.

As ever, we remain committed to working on building long-term stockholder value. This spin-off is a positive step for our businesses, our stockholders and our customers.

Sincerely,

Robert A. Livingston  
President and Chief Executive Officer  
Dover Corporation

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**Wellsite Corporation has requested confidential treatment of this registration statement and associated correspondence pursuant to Rule 83 of the Securities and Exchange Commission.**

Dear Future Wellsite Stockholder:

I am delighted to welcome you as a future stockholder of our company, Wellsite Corporation, which will soon begin independently operating as a leading provider of highly engineered technologies that help companies drill for and produce oil and gas efficiently and safely around the world.

As part of Dover, we have built Wellsite into a set of businesses that we believe are among the leaders in their markets, differentiated by their technology and commitment to innovation, customer service and trusted brands. As an independent company, we believe we are well positioned for continued success, benefiting from favorable industry trends; substantial presence in growing basins, segments and regions; recurring revenue enhancing the stability of our results; a proven business model driving strong relative performance across market cycles; a strong brand portfolio and reputation for quality, performance and service; and a dedicated management team with a proven track record of success.

I encourage you to learn more about Wellsite by reading the attached information statement. Wellsite intends to apply to have its common stock listed on the New York Stock Exchange under the symbol “ .”

Although we will be operating independently, we are very proud of our historical connection to Dover, and excited about the great future we see ahead of us as a stand-alone entity. We are truly excited with our prospects and believe that we will continue to create value for our customers and our new stockholders.

Sincerely,

Sivasankaran Somasundaram  
President & Chief Executive Officer  
Wellsite Corporation

**Information contained herein is subject to completion or amendment. A Registration Statement on Form 10 relating to these securities has been filed with the U.S. Securities and Exchange Commission under the U.S. Securities Exchange Act of 1934, as amended.**

**Wellsite Corporation has requested confidential treatment of this registration statement and associated correspondence pursuant to Rule 83 of the Securities and Exchange Commission.**

**Preliminary and Subject to Completion, dated December 4, 2017**

## **INFORMATION STATEMENT**

# **Wellsite Corporation**

This information statement is being furnished in connection with the distribution by Dover Corporation (“Dover”) to its stockholders of all of the outstanding shares of common stock of Wellsite Corporation (“Wellsite”), a wholly owned subsidiary of Dover that will hold directly or indirectly certain assets and liabilities comprising a substantial portion of Dover’s upstream energy businesses within its Energy segment. To implement the distribution, Dover will distribute all of the shares of Wellsite common stock on a pro rata basis to the Dover stockholders in a manner that is intended to be tax-free in the United States, except to the extent of cash received in lieu of fractional shares.

If you are a holder of Dover common stock as of the close of business on \_\_\_\_\_, the record date for the distribution, you will be entitled to receive one share of Wellsite common stock for every \_\_\_\_\_ shares of Dover common stock that you hold as of such record date. The distribution of shares will be made in book-entry form only. Dover will not distribute any fractional shares of Wellsite common stock. Instead, the distribution agent will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate net cash proceeds from the sales pro rata to each holder who would otherwise have been entitled to receive a fractional share in the spin-off. Wellsite expects the shares of its common stock to be distributed by Dover to you after the close of trading on the New York Stock Exchange on \_\_\_\_\_. We refer to the effective time of the distribution as the “distribution date.” Immediately after the distribution becomes effective, Wellsite will be an independent, publicly traded company.

**No vote of Dover stockholders is required for the distribution. Therefore, you are not being asked for a proxy, and you are requested not to send Dover a proxy, in connection with the distribution.** You do not need to pay any consideration, exchange or surrender your existing common stock of Dover or take any other action to receive your shares of Wellsite common stock.

There is no current trading market for Wellsite common stock, although Wellsite expects that a limited market, commonly known as a “when-issued” trading market, will develop at least one trading day prior to the record date for the distribution, and Wellsite expects “regular-way” trading of Wellsite common stock to begin on the first trading day following the completion of the separation. As discussed under “The Separation and Distribution—Trading Between the Record Date and Distribution Date,” if you sell your Dover common stock in the “regular-way” market after the record date and before the Wellsite distribution, you also will be selling your right to receive shares of Wellsite common stock in connection with the distribution. Wellsite intends to apply to have its common stock authorized for listing on the New York Stock Exchange under the symbol \_\_\_\_\_.

We are an “emerging growth company” as defined under the Federal securities laws and, as such, may elect to comply with certain reduced public company reporting requirements for future filings. See “Summary—Implications of Being an Emerging Growth Company.”

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**In reviewing this information statement, you should carefully consider the matters described under the caption “[Risk Factors](#)” beginning on page 35.**

**Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.**

**This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.**

**The date of this information statement is \_\_\_\_\_.**

A Notice of Internet Availability of Information Statement Materials containing instructions describing how to access this Information Statement was first mailed to Dover stockholders on or about \_\_\_\_\_.



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Wellsite Corporation has requested confidential treatment of this registration statement and associated correspondence pursuant to Rule 83 of the Securities and Exchange Commission.

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**Presentation of Information**

Unless otherwise indicated or context otherwise requires, all references in this information statement to “Wellsite Corporation,” “Wellsite,” “we,” “us,” “our” and “our company” refer (i) prior to the consummation of the reorganization described herein, to the Wellsite businesses, consisting of operations, assets and liabilities comprising a substantial portion of Dover’s upstream energy businesses within its Energy segment and reflected in the combined financial statements included herein; and (ii) after the reorganization, to Wellsite Corporation and its consolidated subsidiaries. References in this information statement to “Dover” refer to Dover Corporation, a Delaware corporation, and its consolidated subsidiaries (other than Wellsite Corporation and its combined subsidiaries), unless the context otherwise requires or as otherwise specified herein.

This information statement is being furnished solely to provide information to Dover stockholders who will receive shares of Wellsite common stock in the distribution. It is not and is not to be construed as an inducement or encouragement to buy or sell any of Wellsite’s securities or any securities of Dover. This information statement describes Wellsite’s business, Wellsite’s relationship with Dover and how the spin-off affects Dover and its stockholders, and provides other information to assist you in evaluating the benefits and risks of holding or disposing of Wellsite common stock that you will receive in the distribution. You should be aware of certain risks relating to the spin-off, Wellsite’s business and ownership of Wellsite common stock, which are described under the section entitled “Risk Factors.”

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**SUMMARY**

*The following is a summary of information discussed in this information statement. This summary may not contain all the details concerning the separation or other information that may be important to you. To better understand Wellsite's separation from Dover and Wellsite's businesses and financial position, you should carefully review this entire information statement. This information statement describes the businesses to be transferred to Wellsite by Dover in the separation as if the transferred businesses were Wellsite's businesses for all historical periods described. References in this information statement to Wellsite's historical assets, liabilities, products, businesses or activities are generally intended to refer to the historical assets, liabilities, products, businesses or activities of the transferred businesses as the businesses were conducted as part of Dover and its subsidiaries (or any prior owners) prior to the separation.*

**Wellsite**

Wellsite is a leading provider of highly engineered technologies that help companies drill for and produce oil and gas efficiently and safely around the world. Our products include a full range of equipment and technologies that enable efficient drilling and safe and efficient production throughout the lifecycle of a well. Our principal products consist of artificial lift equipment and solutions, including electric submersible pump systems ("ESP"), rod pumping systems ("Rod Lift"), gas lift systems, progressive cavity pump systems ("PCP") and plunger lift systems, as well as polycrystalline diamond cutters ("PDCs") for drilling. We also provide a comprehensive automation offering consisting of equipment, software and Industrial Internet ("IIoT") solutions for downhole monitoring, wellsite productivity enhancement and asset integrity management. Our expansive automation offering includes quartz pressure transducers and hybrid electronics, artificial lift controllers and optimization software, monitoring and predictive diagnostic instruments, and software for reciprocating machinery. Our products and technologies enhance our customers' drilling and production economics.

Wellsite's products are used by a broad spectrum of customers in the global oil and gas industry, including national oil and gas companies, large integrated and independent oil and gas companies, all of the major oilfield equipment and services providers, and pipeline companies. We compete across major oil and gas markets globally with a particular strength in the North American onshore market. Our products are particularly well suited for unconventional/shale oil and gas markets. While our products are used in both the oil and gas markets, over 75% of our revenues come from oil markets.

The quality, innovative technology and performance of our technologies drive improved cost-effectiveness, productivity, efficiency and safety for our customers. We believe our strong market share in our core markets and our long-term customer relationships are due to our focus on technological advancement, product reliability and our commitment to superior customer service across the organization. Our long-term customer relationships and the consumable nature of many of our products also enable us to benefit from recurring revenues throughout the lifecycle of a producing well. We believe we are also differentiated from competitors through our proven business model focused on high customer intimacy, innovative technology and application engineering.

**Our Industry**

We principally operate in the oil and gas drilling and production industry and provide a broad range of technologies and products that enhance oilfield efficiency, improve productivity, maximize reserve recovery and increase asset value. Demand for our products is impacted by overall global demand for oil and gas, which is expected to benefit from a variety of long-term fundamental trends.

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According to the U.S. Energy Information Administration's International Energy Outlook 2017 (the "EIA International Energy Outlook"), global economic expansion, coupled with a growing population, will help drive up global energy consumption by about 41% by the year 2050. The majority of this growth is forecast to come from China, India and other Asian nations. Increasing urbanization and a significant expansion of the middle class globally is expected to contribute to higher personal and commercial transportation needs, rising electricity in homes and greater industrial energy demand. For these reasons, the EIA International Energy Outlook projects that demand for petroleum and other liquid fuels will grow by 28% from 2015 through 2050, while demand for natural gas will increase by 69% and natural gas will overtake coal as the world's second largest fuel source during this period.

As new technology has unlocked resources previously considered too costly to produce, unconventional oil and natural gas reservoirs, particularly in the United States, have become a larger part of the global energy supply landscape. Technological developments in horizontal drilling and hydraulic fracturing have enabled exploration and production ("E&P") companies to access the vast hydrocarbon reserves contained in the unconventional oil and natural gas reservoirs of the United States. In addition, North America is expected to become the largest liquefied natural gas ("LNG") exporter due to growing demand for LNG from Asia and Europe. As a result, the United States, an oil importer for decades, is on pace to become a net exporter of oil in the near-term.

The oil and gas industry has traditionally been volatile and is influenced by long-term, short-term and cyclical trends, including oil and gas supply and demand, current and projected oil and gas prices, and the level of upstream spending by E&P companies. As a result, demand for our technologies and products depends primarily upon the level of expenditures by our customers in the oil and natural gas industry, particularly those within the United States. A rapid increase in supply over a seven year period from 2008 to 2015 contributed to a decline in oil and gas prices and reduced customer spending levels from year-end 2014 through 2016. In November 2016, May 2017 and November 2017, certain oil producing nations and the Organization of the Petroleum Exporting Countries ("OPEC") agreed to limit production of crude oil with the goal of raising oil prices. The agreement has been extended most recently through the end of 2018. Oil prices have rebounded meaningfully in 2017 and have begun to stabilize, resulting in an increase in our customers' spending and demand for Wellsite's technologies and products. Although there remains a risk that oil prices and activity levels could deteriorate from current levels, we believe that the outlook for our businesses over the long-term is favorable. Increasing global demand for oil and gas as well as continued depletion of existing reservoirs will drive continued investment in the drilling and completion of new wells. In addition, productivity and efficiency are becoming increasingly important in the oil and gas industry as operators focus on improving per-well economics, driven by a flattening of the West Texas Intermediate crude oil ("WTI") forward price curve, and the North American onshore oil and gas industry moving from an exploration phase into a more mature production phase.

Technology has become increasingly critical to oil and natural gas producers as a result of the maturity of the world's oil and natural gas reservoirs, the acceleration of production decline, the focus on complex well designs and the oil and gas industry's aging workforce. While the aggregate number of wells drilled per year has fluctuated relative to market conditions, E&P companies, on a proportional basis, have increased expenditures on technology in an effort to improve reservoir performance, increase oil and gas recovery and lower the cost per barrel produced over the life of a well. Our customers continue to seek, test and use production-enabling technologies at an increasing rate. We have invested substantially in building our technology offerings, which help us to provide more efficient tools and solutions to produce oil and natural gas. Wellsite's portfolio of data collection, automation, and remote monitoring solutions are intended to improve reliability and drive down costs. We believe our efficiency enhancing products contribute to a reduction in the breakeven cost of unconventional development for our E&P customers. We believe our business will benefit as operators increasingly focus on optimizing production and improving per-well economics.

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**Business Segments**

Our business is organized into two reportable segments: Production & Automation Technologies and Drilling Technologies. The following chart provides an overview of our two segments.

<b>Wellsite Segments</b>				
	<b>Production &amp; Automation Technologies</b>			<b>Drilling Technologies</b>
	<b>Artificial Lift Technologies</b>	<b>Automation Technologies</b>	<b>Other Production Equipment</b>	<b>Drilling Technologies</b>
<b>2016 Sales</b>	<b>\$638m</b>			<b>\$113m</b>
<b>Our Brands</b>				
<b>Illustrative Products</b>	<p>Electrical Submersible Pumping</p> <p>Plunger Lift</p> <p>Wellsite Automation &amp; Optimization</p>	<p>Rod Lift</p> <p>Hydraulic &amp; Jet Lift Systems</p> <p>Asset Reliability Monitoring &amp; Management</p>	<p>Progressive Cavity Pumping</p> <p>Wellhead Production Equipment</p> <p>Chemical Injection &amp; Management</p>	<p>Diamond Drill Bit Inserts</p> <p>Diamond Thrust, Radial, and Combination Bearings</p>

**Production & Automation Technologies**

Our Production & Automation Technologies segment generated revenues of \$638.0 million in 2016, representing 85% of our total 2016 revenues. Production & Automation Technologies facilitates the efficient, safe and cost effective extraction of oil and gas. We design, manufacture, market and service a full range of artificial lift equipment and automation solutions, as well as other production equipment. A portion of Production & Automation Technologies revenue is derived from activity-based consumable products, as customers routinely replace items such as sucker rods, plunger lifts and pump parts. We believe that the combination of our artificial lift equipment and our end-to-end proprietary automation solutions helps oil and gas operators lower production costs and optimize well efficiency by enabling them to monitor, predict and optimize performance. Our products are sold under a collection of premier brands, which we believe are recognized by customers as leaders in their market spaces, including Harbison-Fischer, Norris, Alberta Oil Tool, Oil Lift Technology, PCS Ferguson, Pro-Rod, Upco, Accelerated, Norriseal-Wellmark, Quartzdyne, Spirit, Theta, Timberline and Windrock.

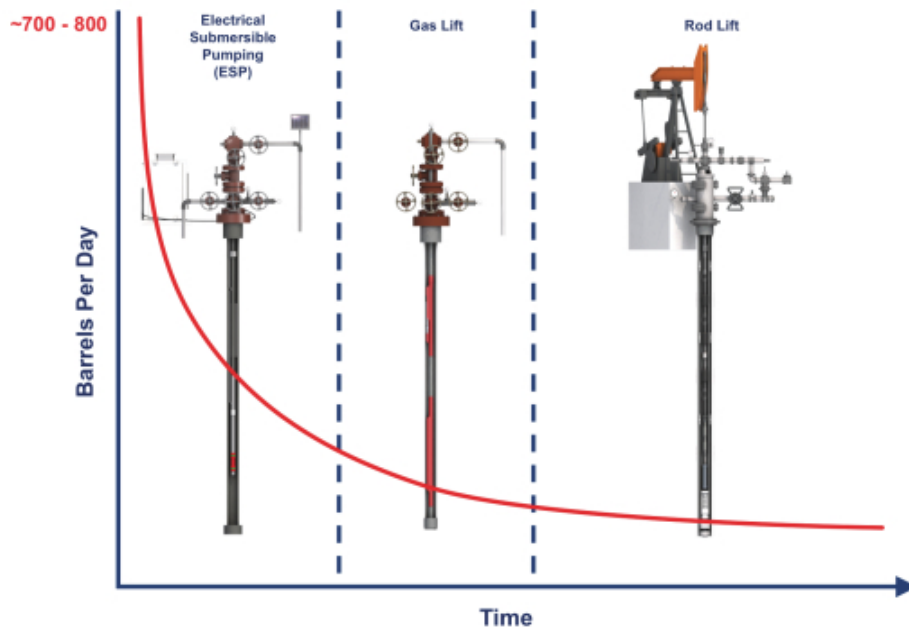
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Within our Production & Automation Technologies segment, we offer artificial lift technologies, automation technologies and other production equipment.

*Artificial Lift Technologies*

We believe artificial lift equipment is mission-critical to oil and gas operators as a means to increase pressure within the reservoir and improve oil and gas production. Artificial lift is a key technology for increasing oil and gas production throughout the lifecycle of a producing well and is therefore directly linked to operator economics. Wellsite offers a full suite of artificial lift solutions to meet the varying needs of operators as oil production volume levels decline over the lifecycle of a producing well, as demonstrated in the figure below. Wellsite's comprehensive offering provides our customers with cost effective solutions tailored to a well's specific characteristics and production volumes. Wellsite is particularly strong within key U.S. basins where artificial lift technologies are prevalent. According to Spears & Associates ("Spears"), an industry research consultant, the U.S. is the world's largest lift market, followed by Canada, and artificial lift technologies are used in approximately 95% of all producing wells in North America. We believe that our offerings also have significant international potential, as production rates continue to decline in existing wells in regions such as the Middle East, South America and Eastern Europe. Our artificial lift technologies represented approximately 78% of our Production & Automation Technologies segment revenues in 2016.

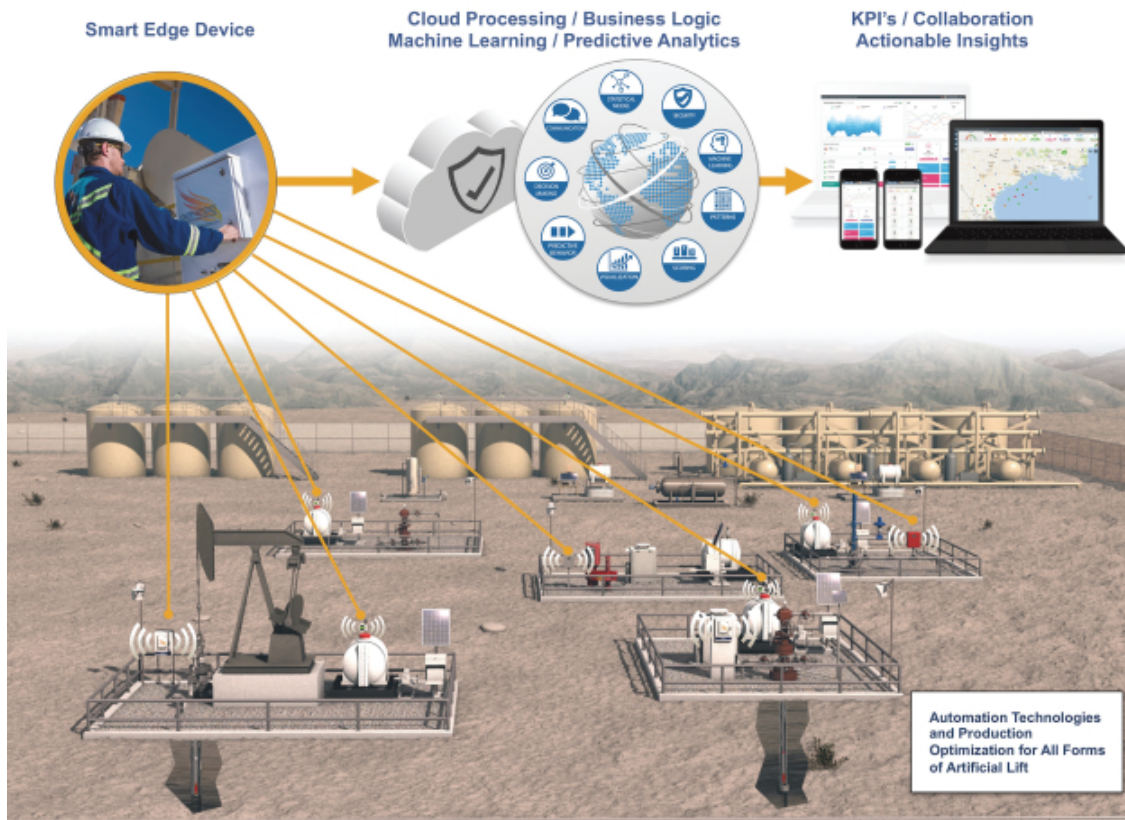
**Artificial Lift: Life of Well Solutions**  
*Full portfolio of artificial lift technologies to drive productivity through life of well*



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*Automation Technologies*

Our proprietary automation solutions are aimed at creating an end-to-end production optimization platform that enables oil and gas operators to monitor, predict and optimize well performance and drive improved return on investment during the production process. Wellsite is a leading provider of productivity tools and performance management software for artificial lift and asset integrity management. Our software has modular architecture that enables specific solutions to be tailored to meet exact customer needs. Real-time data is used by our customers to drive decisions, enhance well servicing and obtain an accurate picture of the well's functioning over time, resulting in a more connected, digital wellsite that not only operates more efficiently but is also safer and more secure. Our automation technologies represented approximately 10% of our Production & Automation Technologies segment revenues in 2016.



Automation solutions touch multiple parts of the wellsite and allow an operator centralized monitoring and control. Smart instrumentation and hardware at the wellsite have sensing capabilities that allow the capture of data. Once captured, that data is communicated to a cloud based IIoT infrastructure platform where it can be analyzed and used to drive insights for customers. We believe that the combination of Wellsite's automation technologies and its strong artificial lift presence enables Wellsite to drive the continued adoption of automation

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technologies by its customers. Wellsite sees automation adoption as a key secular trend in the oil and gas industry, particularly in the current lower oil price environment where operators are focused on lowering the cost per barrel produced over the lifecycle of a well.

Automation technologies bring together multiple layers of equipment, sensors and software. A site may employ a full-scale solution (e.g., a fully connected wellsite using Wellsite equipment and software) or a more application specific solution (e.g., a controller used for diagnostics on an ESP lift).

*Other Production Equipment*

Wellsite also offers other production equipment including chemical injection systems, flow control valves, oil and water separation, gas conditioning, process heating and pressure vessel products. These products are complementary to our artificial lift and automation technologies offerings and are used by customers in the production of oil and gas. Wellsite's other production equipment allows Wellsite to build its share of customers' wallets and enhances our ability to cross-sell products across the production equipment portfolio. Our other production equipment represented approximately 12% of our Production & Automation Technologies segment revenues in 2016.

*Drilling Technologies*

Our Drilling Technologies segment generated revenues of \$113.3 million in 2016, representing 15% of our total 2016 revenues. In operation for over 30 years, Drilling Technologies provides highly specialized products used in drilling oil and gas wells. We design, manufacture and market PDCs for use in oil and gas drill bits under the US Synthetic brand. Our proprietary PDCs are based on years of innovation and intellectual property development in material science applications including the production of highly stable synthetic diamonds, known as "polycrystalline diamonds." US Synthetic has historically filed new patents at a rate of over 50 patents per year and has previously received the prestigious Shingo Prize for operational excellence. We believe our highly engineered PDCs are distinguished by their quality, rate of penetration and longevity. PDCs are a relatively small cost to the oil and gas operator in the context of overall drilling costs, but are critical to successful drilling. As a result, we believe our customers value the quality and performance of US Synthetic PDCs over less expensive alternatives because a lower quality PDC can cause unnecessary and expensive drilling delays. Over 95% of our PDCs are custom designed to meet unique customer requirements and are finished to exact customer specification to ensure optimal performance. PDCs are utilized in both vertical and horizontal drilling and need to be replaced as they wear out during the drilling process.

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The following graphic illustrates where they key products of our Production & Automation Technologies and Drilling Technologies segments are used at a wellsite.

**Production & Automation Technologies:**  
Facilitating the efficient, safe and effective extraction of oil and gas through a suite of premier brands.

**Drilling Technologies:**  
Providing highly specialized, innovative, and proprietary products used in drilling oil and gas wells.

Production & Automation Technologies:			Drilling Technologies:
<b>Artificial Lift Technologies</b> 1. Progressive Cavity Pumps 2. Rod Lift 3. Plunger Lift 4. ESP 5. Gas Lift	<b>Automation Technologies</b> 6. IIoT Enabled Technologies 7. Optimization Software 8. Remote Monitoring	<b>Other Production Equipment</b> 9. Well Head Production Equipment 10. Chemical Injection 11. Flow Control Valves	<b>Drilling Technologies</b> 12. PDC Cutters 13. Diamond Bearings

**Wellsite’s Strengths**

We believe that the following strengths position us well to achieve our primary business objective of creating value for all of our stakeholders, including our customers, employees and stockholders:

**Attractive businesses benefiting from favorable industry trends in oil and gas.**

We believe that increasing global demand for oil and gas and steady depletion of existing reservoirs will continue to drive investment in the drilling and completion of new wells, despite the current oversupply. The EIA International Energy Outlook forecasts that global tight gas, shale gas and coalbed methane production will grow by 3.6% per annum through 2050, driven primarily by the United States. Additionally, the EIA International Energy Outlook projects that global tight oil production will more than double between 2015 and 2040, growing from 5.0 million barrels of oil per day (“Mmb/d”) in 2015 to 10.3 Mmb/d in 2040. At the same time, we believe the current oil price environment supports increased investment to maximize productivity from existing oil fields and increase the efficiency of oilfield operations.



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We believe operators' continued focus on improving per-well economics, driven by a flattening of the WTI forward price curve, and the North American onshore oil and gas industry moving from an exploration phase into a more mature production phase, will increase demand for our artificial lift and wellsite automation solutions.

***Substantial presence in growing basins, segments and regions.***

82% of our revenue for the year ended December 31, 2016 was generated in North America, where the onshore rig activity was the highest growth region in the oil and gas industry in 2017, achieving a 70% year-over-year increase. Onshore unconventional oil and gas production is expected to continue to grow in North America through 2050, according to the U.S. Energy Information Administration's 2017 Annual Outlook (the "EIA Annual Outlook"). Wellsite has established positions in key North American unconventional basins, such as the Permian, Eagle Ford and Bakken, that are expected to experience continued growth in the coming years. We have also been expanding our presence in key international markets, including the Middle East, Latin America and Australia.

***Significant recurring revenue enhances the stability of our results.***

Historically, approximately 40% of our revenue is recurring. This includes replacement hardware, such as rod pumps and sucker rods, which replace previously deployed equipment in established producing wells. It also includes equipment service revenue, as well as ongoing revenue connected with our automation offering, particularly subscription-based revenue for automated well monitoring and management. We believe this recurring revenue enhances the predictability and stability of our revenue and cash flow, and helps to mitigate the impact of down market cycles.

***Proven business model driving strong relative performance across market cycles.***

We have built our business through differentiated technology and application engineering, high customer intimacy and superior customer service, continuous new product innovation and a culture of continuous improvement. We have also focused on delivering products and solutions that are non-commoditized and that we believe are critical to an oil or gas producer's efficiency and profitability. Through this consistent approach, we have achieved strong relative operating results across market cycles, especially during down cycles, demonstrating the resilience of our business model. Despite the recent oil and gas market downturn, we achieved significant free cash flow (a non-GAAP measure) during 2015 and 2016, in part through proactive working capital management. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview and Outlook—Key Performance Indicators and Other Performance Measures" for a definition of free cash flow.

***Industry leadership with strong brand portfolio and reputation for quality, performance and service.***

Our products are sold under a collection of premier brands with strong reputations for quality, performance and service in the industry. These brands include Norris, Harbison-Fischer, Accelerated, PCS Ferguson, Oil Lift Technology, Norriseal-Wellmark, Spirit, Quartzdyne, Theta, Windrock and US Synthetic. Our heritage in the oil field equipment industry extends over 60 years. We believe the quality of our brands has enabled us to achieve a strong Net Promoter Score (a measure of customer satisfaction based on customer surveys), which we believe is among the highest in the artificial lift market.

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***Comprehensive artificial lift portfolio in an attractive market segment.***

Artificial lift is one of the fastest growing segments in oilfield equipment, as spending for artificial lift per well has outpaced other areas of growth. According to Spears, the global artificial lift market was approximately \$8.3 billion in 2016 and is expected to grow 5% in 2017. During the previous oil and gas upcycle from 2009 to 2014, the artificial lift market grew at an average annual rate of approximately 19%, according to Spears. Additionally, according to Spears, artificial lift spending per active rig has grown at an average annual rate of almost 8% between 2006 and 2017. We believe we are well positioned to benefit from this favorable trend with a broad portfolio of artificial lift solutions to drive productivity throughout the lifecycle of the well, including ESP, Rod Lift, PCP, plunger lift, hydraulic and jet lift systems.

***Our automation business is well positioned to capitalize on increasing adoption of digital applications by our customers.***

As our customers increasingly focus on maximizing the productivity and efficiency of existing wells, we believe they will continue to adopt automation technologies at the wellsite and that our business is well positioned to capitalize on this trend. We believe technology has become increasingly important to the oil and natural gas marketplace as a result of the maturity of the world's oil and natural gas reservoirs, the acceleration of production decline, the focus on complex well designs and the oil and gas industry's aging workforce. In the current lower oil price environment, our customers are focused on lowering the cost per barrel produced over the lifecycle of a well and have begun to seek, test and use production-enabling technologies at an increasing rate. We believe that our strong domain expertise, customer access and innovative hardware and proprietary optimization software offer advantages in this regard.

***We are an award-winning global leader in PDCs for oil and gas drilling and an important partner to customers in achieving drilling productivity.***

Our US Synthetic business has over thirty years of experience in the development and production of PDCs and has achieved a strong leadership position in the industry primarily due to our expertise in diamond science technology and our ongoing commitment to innovation, quality and superior customer service. We custom design PDCs to the specific characteristics of the unique geological formations in which our customers are drilling. We are able to analyze the needs of our customers and deliver customized solutions in a reliable and timely manner, enabling our customers to operate more efficiently and reduce their total drilling costs. US Synthetic is a recognized leader in lean manufacturing and engineering. Currently US Synthetic remains the only upstream oilfield equipment company to receive the Shingo Prize for operational excellence.

***Strong operating system that delivers sustainable performance.***

We utilize an operating system that we believe distinguishes us from our peers. Our operating system is built on a foundation of a strong Continuous Improvement ("CI") program that drives relentless focus on business process improvements and eliminating waste. Key focus areas of our operating system include strategic planning, organic growth, pricing, productivity, strategic sourcing and talent management. Our operating system has enabled us to deliver attractive margin and cash flow performance. We also believe this operating system allows us to integrate new businesses effectively and deliver value.

***Executive management team with proven track record of success.***

Our senior management team will be led by Sivasankaran ("Soma") Somasundaram, who will serve as our President and Chief Executive Officer ("CEO"). Our senior management team consists of proven industry

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operators, with an average of \_\_\_\_\_ years of relevant experience. We believe our senior leadership team has the extensive operational, financial and managerial experience needed to effectively navigate the key opportunities and challenges facing our business today and have been responsible for developing and executing our success to date.

**Wellsite's Strategies**

Our goal is to continue to create stockholder value and to become the leader at the wellsite, driving customer productivity and efficiency. We intend to achieve this goal by executing the following strategies:

***Expand market coverage and increase market share in growing unconventional basins.***

Onshore unconventional oil and gas production is expected to continue to grow in North America. The EIA International Energy Outlook projects global tight gas, shale gas and coalbed methane production to grow by 3.6% per annum through 2050, driven primarily by the United States. According to the EIA Annual Outlook, shale output in the U.S. is expected to double over this period, while U.S. tight oil output will grow by approximately 28%. As a result, North America is projected to become a major exporter of natural gas during this period. Wellsite has established positions in key North American unconventional basins, such as the Permian, Eagle Ford and Bakken, that are expected to experience continued growth in the coming years. We intend to expand our market coverage and increase our share in these markets by leveraging our existing customer relationships, sales and service infrastructure and new product initiatives. Key elements of the strategy will include expanding sales coverage, key account management to drive cross selling, targeted product launches to capture market share, data analytics to drive increased customer penetration opportunities and educational programs to drive awareness of our technology differentiation.

***Capitalize on increasing customer adoption of automation solutions to drive wellsite productivity.***

We believe our customers will increasingly adopt automation solutions to drive productivity and efficiency in the coming years. Technology has become increasingly critical to the oil and natural gas marketplace as a result of the maturity of the world's oil and natural gas reservoirs, the acceleration of production decline, the focus on complex well designs and the oil and gas industry's aging workforce. While the aggregate number of wells being drilled per year has fluctuated relative to market conditions, E&P companies have increased expenditures on technology in an effort to improve reservoir performance, increase oil and gas recovery and to lower the cost per barrel produced over the life of a well. Customers continue to seek, test and use production-enabling technologies at an increasing rate. We have invested a substantial amount of our time and resources into building our technology offerings, which help us to provide our customers with more efficient tools to produce oil and natural gas. Wellsite's proprietary automation solutions improve reliability and drive down costs. We offer a full range of automation solutions consisting of equipment, software and full end-to-end IIoT solutions to meet specific customer needs. We believe our automation solutions contribute to a reduction in the breakeven cost of unconventional development, improving the efficient use of capital and operating budgets of our E&P customers. We believe our business will benefit as operators increasingly focus on optimizing production and improving per-well economics. We intend to leverage our extensive customer access and deep domain expertise in these applications to capitalize on this growth trend.

***Continue to innovate and expand our product offerings.***

We intend to continue our strong track record of developing and launching new and innovative products that drive improved cost-effectiveness, productivity, efficiency and safety for our customers. We operate in a market that is characterized by rapidly changing technology and frequent new product introductions. As a result, we

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maintain an active research, development and engineering program with a focus on solving customer challenges and developing innovative technologies to improve customer efficiency and profitability. We believe maintaining a robust innovation pipeline will allow us to continue to win market share and increase our penetration in key markets and with key customers. In the near-term, we expect to launch several new products that will help our customers gain efficiency, reduce operating costs and improve safety. Key focus areas for innovation and new product launches include increasing the performance of our artificial lift systems, developing new digital platforms for our production management and asset integrity management solutions, increasing the drilling productivity of our PDC cutters and developing diamond bearings for new applications.

***Continue to expand our global reach.***

As producing wells in the Middle East continue to age and deplete and shale-based production continues to expand in areas like South America, our globally recognized brands, market ready products and application knowledge offer the opportunity for international market penetration and growth. We believe there will be a substantial opportunity in the coming years to leverage our technologies currently used in unconventional oil and gas production in North America in targeted international markets. To capitalize on these opportunities, we are focused on expanding our operations and capabilities in targeted global markets such as the Middle East, Latin America and Australia, regions which we believe have aging wells and significant unconventional resource development potential. For example, we recently completed an acquisition in Argentina that will give us access to the market and enable us to capitalize on shale developments in that country. We have begun to win tenders in these markets and we expect to continue to build on these successes in the future, especially as these international markets move towards adopting artificial lift and automation technologies.

***Continue to drive margin expansion and free cash flow generation through operational excellence.***

We remain focused on driving margin expansion and free cash flow generation as the oil and gas markets continue to recover. We have a demonstrated track record of strong relative performance through market cycles, including remaining free cash flow positive throughout the recent oil and gas downturn. We are committed to continuing operational excellence and driving strong performance by utilizing our differentiated operating system. We plan to achieve this through a rigorous focus on improving productivity in our facilities, reducing material costs by strategic sourcing in best value countries, reducing working capital through effective inventory, receivables and payables management and eliminating waste in our processes through lean and CI principles. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Overview and Outlook—Key Performance Indicators and Other Performance Measures” for a definition of free cash flow.

***Expand our technology and product portfolio through selective acquisitions.***

In addition to our organic growth initiatives, we may choose to pursue select strategic acquisition opportunities as part of our growth strategy. We benefit from a track record of successfully growing our earnings and technology offering through selective acquisitions. For example, over the last cycle, we expanded our comprehensive artificial lift platform through several acquisitions, including Harbison-Fischer, Oil Lift Technology, PCS Ferguson, and Accelerated. Most recently, we completed the acquisition of an Argentina-based supplier of progressive cavity pump products and services in October of 2017. We have historically employed a disciplined approach to acquisitions focused on opportunities where we believe we can achieve an attractive return on our investment. These have included opportunities that (i) increased our exposure to the most important growth trends in the industry, (ii) added key products and technologies, (iii) enhanced our market position, (iv) expanded our geographic scope and/or (v) provided the opportunity to realize synergies while strengthening

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our capabilities. To the extent we choose to pursue acquisition opportunities, as part of our disciplined approach, we intend to focus on those that we believe will be accretive to earnings while consistent with our goal to maintain a strong and flexible balance sheet and healthy credit profile.

**Summary Risk Factors**

There are a number of risks related to Wellsite's business and the spin-off and related transactions, including:

- Trends in oil and natural gas prices may affect the drilling and production activity, profitability and financial stability of Wellsite's customers and therefore the demand for, and profitability of, Wellsite's products and services, which could have a material adverse effect on Wellsite's business, results of operations and financial condition.
- Wellsite might be unable to compete successfully with other companies in its industry.
- If Wellsite is unable to develop new products and technologies, its competitive position may be impaired, which could materially and adversely affect its sales and market share.
- Wellsite could lose customers or generate lower revenue, operating profits and cash flows if there are significant increases in the cost of raw materials (including energy) or if Wellsite is unable to obtain raw materials.
- Federal, state and local legislative and regulatory initiatives relating to hydraulic fracturing and the potential for related litigation could result in increased costs and additional operating restrictions or delays for Wellsite's customers, which could reduce demand for Wellsite's products and negatively impact Wellsite's business, financial condition and results of operations.
- Wellsite's growth and results of operations may be adversely affected if it is unsuccessful in its capital allocation and acquisition program.
- Wellsite's products are used in operations that are subject to potential hazards inherent in the oil and natural gas industry and, as a result, Wellsite is exposed to potential liabilities that may affect its financial condition and reputation.
- Wellsite's customers' industries are undergoing continuing consolidation that may impact Wellsite's results of operations.
- Wellsite is subject to information technology, cybersecurity and privacy risks.
- Wellsite and its customers are subject to extensive environmental and health and safety laws and regulations that may increase Wellsite's costs, limit the demand for Wellsite's products and services or restrict Wellsite's operations. In addition, future regulations, or more stringent enforcement of existing regulations, could increase those costs and liabilities, which could adversely affect Wellsite's results of operations.
- Wellsite is subject to risks relating to its existing international operations and expansion into new geographical markets.
- Wellsite's business, profitability and reputation could be adversely affected by domestic and foreign governmental and public policy changes, risks associated with emerging markets, changes in statutory tax rates and unanticipated outcomes with respect to tax audits.

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- Failure to attract, retain and develop personnel for key management could have an adverse effect on Wellsite's results of operations, financial condition and cash flows.
- The credit risks of Wellsite's customer base could result in losses.
- Wellsite's revenue, operating profits and cash flows could be adversely affected if it is unable to protect or obtain patent and other intellectual property rights.
- Climate change legislation and regulatory initiatives could result in increased compliance costs for Wellsite and its customers.
- Wellsite may not achieve some or all of the expected benefits of the separation, and the separation may adversely affect Wellsite's business.
- Wellsite has no history operating as an independent publicly-traded company, and Wellsite's historical and pro forma financial information is not necessarily representative of the results that it would have achieved as a separate, publicly-traded company and therefore may not be a reliable indicator of its future results.

These and other risks related to our business and the spin-off are discussed in greater detail under the heading "Risk Factors" in this information statement. You should read and consider all of these risks carefully.

### **The Separation and Distribution**

On \_\_\_\_\_, Dover announced its intention to pursue a plan to separate a substantial portion of its upstream energy businesses within its Energy segment, from the remainder of its businesses.

In furtherance of this plan, on \_\_\_\_\_, Dover's Board of Directors approved the distribution of all of Wellsite's issued and outstanding shares of common stock on the basis of one share of Wellsite common stock for every \_\_\_\_\_ shares of Dover common stock held as of the close of business on \_\_\_\_\_, the record date for the distribution.

### ***Wellsite's Post-Separation Relationship with Dover***

Wellsite will enter into a separation and distribution agreement with Dover, which is referred to in this information statement as the "Separation and Distribution Agreement." In connection with the separation, Wellsite will enter into various other agreements to effect the separation and provide a framework for its relationship with Dover after the separation. These other agreements will include a transition services agreement, a tax matters agreement, and an employee matters agreement. These agreements will provide for the allocation between Wellsite and Dover of Dover's and Wellsite's assets, employees, liabilities and obligations (including investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after Wellsite's separation from Dover, and will govern certain relationships between Wellsite and Dover after the separation. For additional information regarding the Separation and Distribution Agreement and other transaction agreements, see the sections entitled "Risk Factors—Risks Related to the Separation" and "Certain Relationships and Related Person Transactions."

### ***Reasons for the Separation***

Wellsite currently is a wholly owned subsidiary of Dover that was formed to hold certain assets and liabilities comprising a substantial portion of Dover's upstream energy businesses within its Energy segment.

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The separation of Wellsite from Dover and the distribution of Wellsite's common stock are intended to provide you with equity investments in two separate companies that will be able to focus on each of their respective businesses. Dover's Board of Directors believes that separating the Wellsite businesses from the remainder of Dover's businesses is in the best interests of Dover and its stockholders for a number of reasons, including that:

- The separation will allow each company to more effectively pursue its own distinct operating priorities and strategies, and will enable the management of both companies to pursue separate opportunities for long-term growth and profitability, and to recruit, retain and motivate employees pursuant to compensation policies which are appropriate for their respective lines of business.
- The separation will permit each company to concentrate its financial resources solely on its own operations, providing greater flexibility to invest capital in its business in a time and manner appropriate for its distinct strategy and business needs. This will facilitate a more efficient allocation of capital.
- Dover's Board of Directors believes that Dover's businesses and Wellsite's businesses appeal to different types of investors with different industry focuses, investment goals and risk profiles. Dover and Wellsite have different investment and business characteristics, including different opportunities for growth, capital structures, business models and financial returns. The separation will enable investors to evaluate the merits, performance and future prospects of each company's businesses and to invest in each company separately based on these distinct characteristics.
- The separation will create an independent equity structure that will afford Wellsite direct access to capital markets and will facilitate the ability to capitalize on its unique growth opportunities and effect future acquisitions utilizing, among other types of consideration, shares of its common stock. Furthermore, an independent structure should enable each company to provide equity incentive compensation arrangements for its key employees that are directly related to the market performance of each company's common stock. Dover's Board of Directors believes such equity-based compensation arrangements should provide enhanced incentives for performance, and improve the ability for each company to attract, retain and motivate qualified personnel.

Dover's Board of Directors considered a number of potentially negative factors in evaluating the separation, including risks relating to the creation of a new public company, possible increased administrative costs and one-time separation costs, but concluded that the potential benefits of the separation outweighed these factors. For more information, see the sections entitled "The Separation and Distribution—Reasons for the Separation" and "Risk Factors" included elsewhere in this information statement.

#### **Description of New Indebtedness of Wellsite**

Information regarding the third party debt to be incurred by Wellsite in connection with its separation from Dover will be provided in subsequent amendments to the registration statement of which this information statement forms a part. See the section entitled "Description of Indebtedness."

#### **Wellsite's Material Separation Payments and Costs**

In connection with the spin-off, it is anticipated that the only material payments to be made by Wellsite to Dover prior to the distribution date will relate to any dividends or other payments to be made as part of the reorganization step plan, which may include the use of proceeds from new third party debt incurred by Wellsite on or prior to the distribution date. The estimated amount of these payments will be provided in a subsequent amendment to the registration statement of which this information statement forms a part.

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Dover has informed Wellsite that Dover expects to incur and pay one-time costs associated with the separation, including legal and advisory costs, in the range of \$                    million to \$                    million. In connection with the spin-off, Wellsite expects to incur one-time costs, including costs relating to entering into new financing arrangements and other matters, in the range of \$                    million to \$                    million.

**Implications of Being an Emerging Growth Company**

As a company with less than \$1.07 billion in revenue during our most recently completed fiscal year, we qualify as an “emerging growth company” as defined in Section 2(a) of the Securities Act of 1933, as amended (the “Securities Act”), as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). As an emerging growth company, we may take advantage of specified reduced disclosure and other requirements that are otherwise applicable generally to public companies that are not emerging growth companies. These provisions include:

- the inclusion of three years of selected historical financial information rather than five years in this information statement;
- reduced disclosure about our executive compensation arrangements;
- exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved; and
- exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting.

We may take advantage of these exemptions for up to five years or such earlier time that we are no longer an emerging growth company. We will cease to be an emerging growth company upon the earliest of: (1) the end of the fiscal year following the fifth anniversary of the spin-off; (2) the last day of the first fiscal year during which our annual gross revenue was \$1.07 billion or more; (3) the date on which we have, during the previous three-year period, issued more than \$1.0 billion in non-convertible debt securities; or (4) the date on which we are deemed to be a “large accelerated filer” under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). We have elected to take advantage of the provisions permitting presentation of three years of selected financial information and reduced disclosure regarding executive compensation arrangements in this information statement, and we may choose to take advantage of some but not all of these reduced disclosure obligations in future filings. If we do, the information that we provide stockholders may be different than you might get from other public companies in which you hold stock.

The JOBS Act permits an emerging growth company such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We are choosing to “opt out” of this provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

**Corporate Information**

Wellsite Corporation was incorporated in Delaware on October 10, 2017 for the purpose of holding certain assets and liabilities comprising a substantial portion of Dover’s upstream energy businesses within its Energy segment in connection with the separation and distribution described herein. Prior to the contribution of this business to Wellsite Corporation, which will occur prior to the distribution, Wellsite Corporation will have no



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operations. The address of Wellsite's principal executive offices is 2445 Technology Forest Blvd, Building 4, 9<sup>th</sup> Floor, The Woodlands, Texas 77381. Wellsite's telephone number is (281) 403-5772.

Wellsite also maintains an Internet site at . Wellsite's website and the information contained therein or connected thereto shall not be deemed to be incorporated herein, and you should not rely on any such information in making an investment decision.

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### **Questions And Answers About The Separation And Distribution**

<b><i>What is Wellsite and why is Dover separating Wellsite's business and distributing Wellsite's stock?</i></b>	Wellsite currently is a wholly owned subsidiary of Dover that was formed to hold certain assets and liabilities comprising a substantial portion of Dover's upstream energy businesses within its Energy segment. The separation of Wellsite from Dover and the distribution of Wellsite common stock are intended to provide you with equity investments in two separate companies that will be able to focus on each of their respective businesses. Dover and Wellsite expect that the separation will result in enhanced long-term performance of each business for the reasons discussed in the sections entitled "The Separation and Distribution—Background" and "The Separation and Distribution—Reasons for the Separation."
<b><i>Why am I receiving this document?</i></b>	Dover is delivering this document to you because you are a holder of Dover common stock. If you are a holder of Dover common stock as of the close of business on the record date for the distribution, you will be entitled to receive one share of Wellsite common stock for every _____ shares of Dover common stock that you hold at the close of business on such date. This document will help you understand how the separation and distribution will affect your investment in Dover and your investment in Wellsite after the separation.
<b><i>How will the separation of Wellsite from Dover work?</i></b>	The separation will be accomplished through a series of transactions in which (i) the equity interests of the entities that hold certain assets and liabilities comprising a substantial portion of Dover's upstream energy businesses within its Energy segment will be transferred to Wellsite, (ii) other assets and liabilities will be assigned to or assumed by Wellsite and (iii) Dover will then distribute all of the outstanding shares of common stock of Wellsite to Dover's stockholders on a pro rata basis as a distribution.
<b><i>Why is the separation of Wellsite structured as a distribution?</i></b>	Dover believes that a tax-free distribution of shares in the United States of Wellsite to the Dover stockholders is an efficient way to separate its upstream energy businesses in a manner that will create long-term value for Dover, Wellsite and their respective stockholders.
<b><i>What is the record date for the distribution?</i></b>	The record date for the distribution will be _____ .
<b><i>When will the distribution occur?</i></b>	It is expected that all of the shares of Wellsite common stock will be distributed by Dover after the close of trading on the New York Stock Exchange ("NYSE") on _____ , to holders of record of Dover

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common stock as of the close of business on \_\_\_\_\_, the record date. However, no assurance can be provided as to the timing of the distribution or that all conditions to the distribution will be met.

***What do stockholders need to do to participate in the distribution?***

**Stockholders of Dover as of the record date will not be required to take any action to receive Wellsite common stock in the distribution, but you are urged to read this entire information statement carefully.** No stockholder approval of the distribution is required. **You are not being asked for a proxy.** You do not need to pay any consideration, exchange or surrender your existing Dover common stock or take any other action to receive your shares of Wellsite common stock. **Please do not send in your Dover stock certificates.**

***Will I have appraisal rights in connection with the separation and distribution?***

No. Holders of Dover common stock are not entitled to appraisal rights in connection with the separation and distribution.

***Will I receive physical certificates representing shares of Wellsite common stock following the separation?***

No. Following the separation, Wellsite will not issue physical certificates representing shares of Wellsite common stock. If you own Dover common stock as of the close of business on the record date, Dover, with the assistance of Computershare Inc. and Computershare Trust Company, N.A., which together are the distribution agent, will electronically distribute shares of Wellsite common stock to you or to your brokerage firm on your behalf by way of direct registration form. "Direct registration form" refers to a method of recording share ownership when no physical share certificates are issued to stockholders, as is the case in this distribution. Computershare Inc. or Computershare Trust Company, N.A. will mail you a book-entry account statement that reflects your shares of Wellsite common stock, or your bank or brokerage firm will credit your account for the shares.

Following the distribution, stockholders whose shares are held in book-entry form may request that their shares of Wellsite common stock held in book-entry form be transferred to a brokerage or other account at any time, without charge.

***How many shares of Wellsite common stock will I receive in the distribution?***

Dover will distribute to you one share of Wellsite common stock for every \_\_\_\_\_ shares of Dover common stock held by you as of the record date. Based on approximately \_\_\_\_\_ million shares of Dover common stock outstanding as of \_\_\_\_\_, a total of \_\_\_\_\_

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approximately million shares of Wellsite common stock will be distributed. For additional information on the distribution, see “The Separation and Distribution.”

***Will Wellsite issue fractional shares of its common stock in the distribution?***

No. Wellsite will not issue fractional shares of its common stock in the distribution. Fractional shares that Dover stockholders would otherwise have been entitled to receive will be aggregated and sold in the public market by the distribution agent. The aggregate net cash proceeds of these sales will be distributed pro rata (based on the fractional share such holder would otherwise be entitled to receive) to those stockholders who would otherwise have been entitled to receive fractional shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares. The receipt of cash in lieu of fractional shares will be taxable to the recipient stockholders for U.S. federal income tax purposes as described in the section entitled “Material U.S. Federal Income Tax Consequences.”

***What are the conditions to the distribution?***

The distribution is subject to a number of conditions, including, among others:

- The U.S. Securities and Exchange Commission (“SEC”) will have declared effective the registration statement of which this information statement forms a part, and no stop order relating to the registration statement will be in effect.
- The NYSE will have approved the listing of Wellsite’s common stock, subject to official notice of issuance.
- Dover will have received either (i) a private letter ruling from the Internal Revenue Service (the “IRS”) together with an opinion of McDermott Will & Emery LLP, tax counsel to Dover, substantially to the effect that, among other things, the contribution and the distribution, taken together, will qualify as a tax-free reorganization for U.S. federal income tax purposes under Section 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the “Code”), and the distribution will qualify as a tax-free distribution to Dover’s shareholders under Section 355 of the Code or (ii) an opinion of McDermott Will & Emery LLP, tax counsel to Dover, substantially to the effect that, among other things, the contribution and the distribution, taken together, will qualify as a tax-free reorganization for U.S. federal income tax purposes under Section 368(a)(1)(D) of the Code and the distribution will qualify as a tax-free distribution to Dover’s shareholders under Section 355 of the Code.

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- All permits, registrations and consents required under the securities or blue sky laws of states or other political subdivisions of the United States or of other foreign jurisdictions in connection with the distribution will have been received.
- No order, injunction, or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, distribution or any of the related transactions will be in effect, pending, threatened or issued.
- The reorganization and separation of the Dover and Wellsite businesses prior to the distribution will have been effectuated, except for such reorganization steps that Dover, in its sole discretion, determines may occur after the distribution.
- The Board of Directors of Dover will have declared the distribution and approved all related transactions.
- Wellsite and Dover will have entered into certain agreements in connection with the separation and distribution and Wellsite will have entered into certain financing arrangements prior to or concurrent with the distribution.
- All governmental approvals necessary to consummate the distribution will have been received.
- The Board of Directors of Dover will have received an opinion from an independent appraisal firm confirming the solvency of Dover and Wellsite after the distribution and Dover's compliance with surplus requirements under Delaware law.
- No events or developments shall have occurred or exist that, in the sole and absolute judgment of the Dover Board of Directors, make it inadvisable to effect the distribution or would result in the distribution and related transactions not being in the best interest of Dover or its stockholders.

Dover and Wellsite cannot assure you that any or all of these conditions will be met. The fulfillment of the foregoing conditions does not create any obligations on Dover's part to effect the distribution, and Dover's Board of Directors has reserved the right, in its sole discretion, to abandon, or modify or change the terms of, the distribution, including by accelerating or delaying the timing of the consummation of all or part of the distribution, at any time prior to the distribution date. For a more complete discussion of all of the conditions to the distribution, see the section entitled "The Separation and Distribution—Conditions to the Distribution."

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<b><i>What is the expected date of completion of the separation?</i></b>	The completion and timing of the separation are dependent upon a number of conditions. It is expected that the shares of Wellsite common stock will be distributed by Dover after the close of trading on the NYSE on _____ to the holders of record of common stock of Dover at the close of business on _____, the record date. However, no assurance can be provided as to the timing of the separation or that all conditions to the separation will be met.
<b><i>Can Dover decide to cancel the distribution of Wellsite common stock even if all the conditions have been met?</i></b>	Yes. Until the distribution has occurred, Dover has the unilateral and sole and exclusive right to terminate the distribution for any reason, even if all of the conditions are satisfied. See the section entitled “The Separation and Distribution—Conditions to the Distribution.”
<b><i>What if I want to sell my Dover common stock or my Wellsite common stock?</i></b>	You should consult with your financial advisors, such as your stockbroker, bank or tax advisor.
<b><i>What is “regular-way” and “ex-distribution” trading?</i></b>	Beginning at least one trading day before the record date and continuing up to and through the distribution date, it is expected that there will be two markets in Dover common stock: a “regular-way” market and an “ex-distribution” market. Shares of Dover common stock that trade in the “regular-way” market will trade with an entitlement to shares of Wellsite common stock distributed pursuant to the distribution. Shares that trade in the “ex-distribution” market will trade without an entitlement to shares of Wellsite common stock distributed pursuant to the distribution.  If you decide to sell any common stock of Dover before the distribution date, you should make sure your stockbroker, bank or other nominee understands whether you want to sell your common stock of Dover with or without your entitlement to Wellsite common stock pursuant to the distribution.
<b><i>Where will I be able to trade shares of Wellsite common stock?</i></b>	Wellsite intends to apply to list its common stock on the New York Stock Exchange, or the NYSE, under the symbol _____. Wellsite anticipates that trading in shares of its common stock will begin on a “when-issued” basis at least one trading day before the record date and will continue up to and through the distribution date and that “regular-way” trading in Wellsite common stock will begin on the first trading day following the completion of the separation. If trading

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begins on a “when-issued” basis, you may purchase or sell Wellsite common stock up to and through the distribution date, but your transaction will not settle until after the distribution date. Wellsite cannot predict the trading prices for its common stock before, on or after the distribution date.

***What will happen to the listing of common stock of Dover?***

Dover common stock will continue to trade on the NYSE under the symbol “DOV” after the distribution.

***Will the number of shares of Dover common stock that I own change as a result of the distribution?***

No. The number of shares of Dover common stock that you own will not change as a result of the distribution.

***What are the material U.S. federal income tax consequences of the contribution and the distribution?***

It is a condition to the completion of the distribution that Dover receive either (i) a private letter ruling from the IRS together with an opinion of McDermott Will & Emery LLP, tax counsel to Dover, substantially to the effect that, among other things, the contribution and the distribution, taken together, will qualify as a tax-free reorganization for U.S. federal income tax purposes under Section 368(a)(1)(D) of the Code, and the distribution will qualify as a tax-free distribution to Dover’s shareholders under Section 355 of the Code or (ii) an opinion of McDermott Will & Emery LLP, tax counsel to Dover, substantially to the effect that, among other things, the contribution and the distribution, taken together, will qualify as a tax-free reorganization for U.S. federal income tax purposes under Section 368(a)(1)(D) of the Code and the distribution will qualify as a tax-free distribution to Dover’s shareholders under Section 355 of the Code. Accordingly, and so long as the distribution so qualifies, for U.S. federal income tax purposes, no gain or loss will be recognized by you, and no amount will be included in your income, upon the receipt of shares of Wellsite’s common stock pursuant to the distribution. You will, however, recognize gain or loss for U.S. federal income tax purposes with respect to cash received in lieu of a fractional share of Wellsite’s common stock.

For more information regarding the potential U.S. federal income tax consequences to Wellsite, Dover and to you of the separation and distribution, see the section entitled “Material U.S. Federal Income Tax Consequences.”

***What are the material state, local and foreign income tax consequences of the separation and distribution?*** The private letter ruling and/or opinion of Dover’s tax counsel will not address the state, local or foreign income tax consequences of the

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separation and the distribution. You should consult your tax advisor about the particular state, local and foreign tax consequences of the distribution to you, which consequences may differ from those described in the section entitled “Material U.S. Federal Income Tax Consequences.”

***How will I determine my tax basis in the Wellsite shares I receive in the distribution?***

For U.S. federal income tax purposes, your aggregate tax basis in the shares of Dover common stock that you hold and the Wellsite common stock received in the distribution (including any fractional share interest in Wellsite common stock for which cash is received) will equal the aggregate tax basis in the shares of Dover common stock held by you immediately before the distribution, allocated between your Dover common stock and the Wellsite common stock (including any fractional share interest in Wellsite common stock for which cash is received) you receive in the distribution in proportion to the relative fair market value of each on the distribution date.

You should consult your tax advisor about the particular consequences of the distribution to you, including the application of federal, state, local and foreign tax laws.

***What will Wellsite’s relationship be with Dover following the separation?***

Following the separation and distribution, the relationship between Wellsite and Dover will be governed by, among others, a separation and distribution agreement, a transition services agreement, a tax matters agreement and an employee matters agreement. These agreements will provide for the allocation between Wellsite and Dover of Dover’s and Wellsite’s assets, employees, liabilities and obligations (including employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after Wellsite’s separation from Dover. For additional information regarding these agreements, see the sections entitled “Risk Factors—Risks Related to the Separation” and “Certain Relationships and Related Person Transactions.”

***Who will manage Wellsite after the separation?***

Wellsite benefits from having in place a management team with an extensive background in the business of serving the oil and gas drilling and production industry. Led by Sivasankaran Somasundaram, who will be Wellsite’s President and CEO after the separation, Wellsite’s management team possesses deep knowledge of, and extensive experience in, its industry. For more information regarding Wellsite’s management, see “Management.”



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***Are there risks associated with owning Wellsite common stock?***

Yes. Ownership of Wellsite common stock is subject to both general and specific risks relating to Wellsite's business, the industry in which it operates, its ongoing contractual relationships with Dover and its status as a separate, publicly traded company. Ownership of Wellsite common stock is also subject to risks relating to the separation. These risks are described in the "Risk Factors" section of this information statement. You are encouraged to read that section carefully.

***Does Wellsite plan to pay dividends?***

The timing, declaration, amount of and payment of any dividends following the separation by Wellsite is within the discretion of its Board of Directors and will depend upon many factors, including Wellsite's financial condition, earnings, capital requirements of its operating subsidiaries, restrictions under debt agreements or other contractual obligations, legal requirements, regulatory constraints, industry practice, ability to access capital markets and other factors deemed relevant by its Board of Directors. Moreover, if Wellsite determines to pay any dividend in the future, there can be no assurance that it will continue to pay such dividends or the amount of such dividends. See "Dividend Policy."

***Will Wellsite incur any debt prior to or at the time of the distribution?***

Information regarding Wellsite's indebtedness following Wellsite's separation from Dover will be provided in subsequent amendments to the registration statement of which this information statement. See the section entitled "Description of Indebtedness."

***Who will be the distribution agent, transfer agent, and registrar for the Wellsite common stock?***

The distribution agent for Wellsite's common stock will be Computershare Inc. and Computershare Trust Company, N.A. The transfer agent and registrar for Wellsite's common stock will be Computershare Trust Company, N.A. For questions relating to the transfer or mechanics of the stock distribution, you should contact:

Computershare Investor Services  
P.O. Box 505000  
Louisville, KY 40233  
(888) 567-8341

If your shares of Dover common stock are held by a bank, broker or other nominee, you may call the Corporate Secretary of Dover at (630) 541-1540.

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***Where can I find more information about Dover and Wellsite?***

Before the distribution, if you have any questions relating to Dover's business performance, you should contact:

Dover Corporation  
Investor Relations  
3005 Highland Parkway  
Downers Grove, Illinois 60515

After the distribution, Wellsite stockholders who have any questions relating to Wellsite should contact Wellsite at:

Wellsite Corporation  
Investor Relations  
2445 Technology Forest Blvd  
Building 4, 9<sup>th</sup> Floor  
The Woodlands, Texas 77381

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**Summary Of The Separation And Distribution**

<b><i>Distributing company</i></b>	Dover Corporation, a Delaware corporation. After the distribution, Dover will not own any shares of Wellsite's common stock.
<b><i>Distributed company</i></b>	Wellsite Corporation, a Delaware corporation, is a wholly owned subsidiary of Dover that was formed in 2017 and that, at the time of the distribution, will hold, through its subsidiaries, certain assets and liabilities comprising a substantial portion of Dover's upstream energy businesses within its Energy segment. After the distribution, Wellsite will be an independent, publicly traded company.
<b><i>Record date</i></b>	The record date for the distribution will be .
<b><i>Distribution date</i></b>	It is expected that all of the shares of Wellsite common stock will be distributed by Dover after the close of trading on the New York Stock Exchange on , to holders of record of Dover common stock as of the close of business on , the record date. However, no assurance can be provided as to the timing of the distribution or that all conditions to the distribution will be met.
<b><i>Distributed securities</i></b>	All of the shares of Wellsite common stock owned by Dover, which will be 100% of Wellsite's common stock outstanding immediately prior to the distribution. Based on the approximately million shares of Dover's common stock outstanding on , and applying the distribution ratio of one share of Wellsite common stock for every shares of Dover common stock, Dover will distribute approximately million shares of Wellsite common stock to Dover stockholders who hold Dover's common stock as of the record date. The number of shares that Dover will distribute to its stockholders will be reduced to the extent that cash payments are to be made in lieu of the issuance of fractional shares of Wellsite common stock, as described below.
<b><i>Distribution ratio</i></b>	Each holder of Dover common stock will receive one share of Wellsite common stock for every shares of Dover common stock held as of the close of business on , the record date. Cash will be distributed in lieu of fractional shares, as described below.
<b><i>Fractional shares</i></b>	Dover will not distribute any fractional shares of Wellsite common stock to Dover stockholders. Fractional shares that Dover stockholders would otherwise have been entitled to receive will be aggregated and sold in the public market by the distribution agent. The aggregate net cash proceeds of these sales will be distributed pro rata (based on the fractional share such holder would otherwise be entitled to receive) to those stockholders who would otherwise have been entitled to receive fractional shares. Recipients of cash in lieu of

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fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares. The receipt of cash in lieu of fractional shares will be taxable to the recipient stockholders for U.S. federal income tax purposes as described in the section entitled "Material U.S. Federal Income Tax Consequences."

***Distribution method***

Wellsite common stock will be issued only by direct registration form. "Direct registration form" refers to a method of recording share ownership when no physical share certificates are issued to stockholders, as is the case in this distribution.

***Conditions to the distribution***

The distribution is subject to a number of conditions, including, among others:

- The SEC will have declared effective the registration statement of which this information statement forms a part, and no stop order relating to the registration statement will be in effect.
- The NYSE will have approved the listing of Wellsite's common stock, subject to official notice of issuance.
- Dover will have received either (i) a private letter ruling from the IRS together with an opinion of McDermott Will & Emery LLP, tax counsel to Dover, substantially to the effect that, among other things, the contribution and the distribution, taken together, will qualify as a tax-free reorganization for U.S. federal income tax purposes under Section 368(a)(1)(D) of the Code, and the distribution will qualify as a tax-free distribution to Dover's shareholders under Section 355 of the Code or (ii) an opinion of McDermott Will & Emery LLP, tax counsel to Dover, substantially to the effect that, among other things, the contribution and the distribution, taken together, will qualify as a tax-free reorganization for U.S. federal income tax purposes under Section 368(a)(1)(D) of the Code and the distribution will qualify as a tax-free distribution to Dover's shareholders under Section 355 of the Code.
- All permits, registrations and consents required under the securities or blue sky laws of states or other political subdivisions of the United States or of other foreign jurisdictions in connection with the distribution will have been received.
- No order, injunction, or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, distribution or any of the related transactions will be in effect, pending, threatened or issued.
- The reorganization and separation of the Dover and Wellsite businesses prior to the separation and distribution will have been effectuated, except for such reorganization steps that Dover, in its sole discretion, determines may occur after the distribution.

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- The Board of Directors of Dover will have declared the distribution and approved all related transactions.
- Wellsite and Dover will have entered into certain agreements in connection with the separation and distribution and Wellsite will have entered into certain financing arrangements prior to or concurrent with the separation.
- All governmental approvals necessary to consummate the distribution will have been received
- The Board of Directors of Dover will have received an opinion from an independent appraisal firm confirming the solvency of Dover and Wellsite after the distribution and Dover's compliance with surplus requirements under Delaware law.
- No events or developments shall have occurred or exist that, in the sole and absolute judgment of the Dover Board of Directors, make it inadvisable to effect the distribution or would result in the distribution and related transactions not being in the best interest of Dover or its stockholders.

Dover and Wellsite cannot assure you that any or all of these conditions will be met. The fulfillment of the foregoing conditions does not create any obligations on Dover's part to effect the distribution, and Dover's Board of Directors has reserved the right, in its sole discretion, to abandon, or modify or change the terms of, the distribution, including by accelerating or delaying the timing of the consummation of all or part of the distribution, at any time prior to the distribution date. For a more complete discussion of all of the conditions to the distribution, see the section entitled "The Separation and Distribution—Conditions to the Distribution."

***Wellsite's post-separation relationship with Dover***

Following the separation and distribution, Wellsite and Dover will operate separately, each as an independent public company. Prior to the separation and distribution, Wellsite and Dover will enter into agreements that will govern their relationship after the distribution, including, among others, a separation and distribution agreement, a transition services agreement, a tax matters agreement and an employee matters agreement. These agreements will provide for the allocation between Wellsite and Dover of Dover's and Wellsite's assets, employees, liabilities and obligations (including employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after Wellsite's separation from Dover.

Forms of the primary separation agreements will be filed as exhibits to the registration statement on Form 10 of which this information statement is a part, and a summary of these agreements are contained

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in the section entitled “Certain Relationships and Related Person Transactions.” The terms of the agreements described in the section entitled “Certain Relationships and Related Person Transactions” that will be in effect following the separation have not yet been finalized; changes to these agreements, some of which may be material, may be made prior to Wellsite’s separation from Dover. No changes may be made after Wellsite’s separation from Dover without Wellsite’s consent. For additional risks associated with these agreements, see the section entitled “Risk Factors—Risks Related to the Separation.”

***Description of Wellsite’s capital stock***

Wellsite’s amended and restated certificate of incorporation and amended and restated by-laws will contain, and Delaware law contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the bidder and to encourage prospective acquirers to negotiate with Wellsite’s Board of Directors rather than to attempt a hostile takeover. These provisions include, among others:

- the inability of Wellsite’s stockholders to call a special meeting or act by written consent;
- rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings;
- the right of Wellsite’s Board of Directors to issue preferred stock without stockholder approval;
- the division of Wellsite’s Board of Directors into three approximately equal classes of directors until the third annual meeting of stockholders following the separation, after which directors will be elected annually;
- a provision that stockholders may only remove directors for cause while Wellsite’s Board of Directors is classified;
- the exclusive ability of Wellsite’s directors, rather than stockholders, to fill vacancies (including those resulting from an enlargement of the Board of Directors) on Wellsite’s Board of Directors;
- a provision that Wellsite’s Board of Directors is expressly authorized to make, alter, or repeal Wellsite’s amended and restated by-laws and that its stockholders may only amend its bylaws or amend certain provisions of its amended and restated certificate of incorporation with the approval of 80% or more of all of the outstanding shares of its capital stock entitled to vote, provided, however that, effective as of the completion of the third annual meeting of stockholders following the separation, the provision relating to the 80% voting threshold will be of no force

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and effect, and stockholders may thereafter amend Wellsite’s amended and restated bylaws or certain provisions of its amended and restated certificate of incorporation with the approval of a majority of all of the outstanding shares of its capital stock entitled to vote; and

- Wellsite will be subject to Section 203 of the Delaware General Corporation Law (“DGCL”) which provides that, subject to limited exceptions, persons that (without prior board approval) acquire, or are affiliated with a person that acquires, more than 15 percent of the outstanding voting stock of a Delaware corporation shall not engage in any business combination with that corporation, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which that person or its affiliate becomes the holder of more than 15 percent of the corporation’s outstanding voting stock.

For additional information regarding the material terms of Wellsite’s capital stock that will be contained in the amended and restated certificate of incorporation and by-laws, see the section entitled “Description of Wellsite’s Capital Stock.”

***Stock exchange listing***

Wellsite intends to apply to have its common stock authorized for listing on the NYSE under the symbol .

***Wellsite’s material separation payments and costs***

In connection with the spin-off, it is anticipated that the only material payments to be made by Wellsite to Dover prior to the distribution date will relate to any dividends or other payments to be made as part of the reorganization step plan, which may include the use of proceeds from new third party debt incurred by Wellsite on or prior to the distribution date. The estimated amount of these payments will be provided in a subsequent amendment to the registration statement on Form 10 of which this information statement forms a part.

Dover has informed Wellsite that Dover expects to incur and pay one-time costs associated with the separation, including legal and advisory costs, in the range of \$ to \$ million. In connection with the spin-off, Wellsite expects to incur one-time costs, including costs relating to entering into new financing arrangements and other matters, in the range of \$ to \$ .

***Dividend policy***

The timing, declaration, amount of and payment of any dividends following the separation by Wellsite is within the discretion of its Board of Directors and will depend upon many factors, including Wellsite’s financial condition, earnings, capital requirements of its operating subsidiaries, restrictions under debt agreements or other contractual obligations, legal requirements, regulatory constraints,

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industry practice, ability to access capital markets and other factors deemed relevant by its Board of Directors. Moreover, if Wellsite determines to pay any dividend in the future, there can be no assurance that it will continue to pay such dividends or the amount of such dividends. See the section entitled “Dividend Policy.”

***Transfer agent***

The transfer agent for Wellsite’s common stock will be Computershare Trust Company, N.A.

***U.S. federal income tax consequences***

It is a condition to the completion of the distribution that Dover receive either (i) a private letter ruling from the IRS together with an opinion of McDermott Will & Emery LLP, tax counsel to Dover, substantially to the effect that, among other things, the contribution and the distribution, taken together, will qualify as a tax-free reorganization for U.S. federal income tax purposes under Section 368(a)(1)(D) of the Code, and the distribution will qualify as a tax-free distribution to Dover’s shareholders under Section 355 of the Code or (ii) an opinion of McDermott Will & Emery LLP, tax counsel to Dover, substantially to the effect that, among other things, the contribution and the distribution, taken together, will qualify as a tax-free reorganization for U.S. federal income tax purposes under Section 368(a)(1)(D) of the Code and the distribution will qualify as a tax-free distribution to Dover’s shareholders under Section 355 of the Code. Accordingly, and so long as the distribution so qualifies, for U.S. federal income tax purposes, no gain or loss will be recognized by you, and no amount will be included in your income, upon the receipt of shares of Wellsite’s common stock pursuant to the distribution. You will, however, recognize gain or loss for U.S. federal income tax purposes with respect to cash received in lieu of a fractional share of Wellsite’s common stock. For more information regarding the potential U.S. federal income tax consequences to Wellsite, Dover and to you of the separation and distribution, see the section entitled “Material U.S. Federal Income Tax Consequences.”



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**Summary Historical And Unaudited Pro Forma Combined Financial Information**

Set forth below are summary historical financial and other data. The combined balance sheet data as of December 31, 2016 and 2015, the combined statements of earnings data and the combined statements of cash flows data for the years ended December 31, 2016 and 2015 have been derived from Wellsite's audited financial statements included elsewhere in this information statement. The historical financial data includes costs of Wellsite's businesses, which include the allocation of certain corporate expenses from Dover. Wellsite believes these allocations were made on a reasonable basis. The summary financial information may not be indicative of Wellsite's future performance as an independent company. It should be read in conjunction with the discussion in "Management's Discussion and Analysis of Financial Condition and Results of Operations," the unaudited pro forma combined financial statements and corresponding notes, the audited combined financial statements and corresponding notes included elsewhere in this information statement.

Also set forth below are summary unaudited pro forma statements of earnings data for the twelve-month period ended December 31, 2016, which assume that the separation occurred as of January 1, 2016. The summary unaudited pro forma balance sheet data as of December 31, 2016 assumes that the separation occurred as of December 31, 2016. The pro forma adjustments are based upon available information and assumptions that Wellsite believes are reasonable. The summary unaudited pro forma financial information does not purport to represent what the financial position or results of operations of Wellsite would have been if Wellsite had operated as an independent company during the periods presented or if the transactions described therein had actually occurred as of the dates indicated, nor does it project the financial position at any future date or the results of operations for any future period. Please see the notes to the unaudited pro forma combined financial statements included elsewhere in this information statement for a discussion of adjustments reflected in the pro forma combined financial statements.

	<u>Pro Forma</u>	<u>Historical</u>	
	<u>Year Ended</u> <u>December 31,</u> <u>2016</u>	<u>Year Ended</u> <u>December 31,</u> <u>2016</u>	<u>Year Ended</u> <u>December 31,</u> <u>2015</u>
<small>(Dollars in thousands)</small>			
<b>Statements of Earnings Data:</b>			
<b>Revenue</b>	\$	\$ 751,337	\$ 1,076,680
Cost of goods and services		510,842	693,702
<b>Gross profit</b>		240,495	382,978
Selling, general and administrative expenses		250,576	294,062
<b>Operating (loss) earnings</b>		(10,081)	88,916
Other expense, net		8,753	11,651
<b>(Loss) earnings before (benefit from) provision for income taxes</b>		(18,834)	77,265
(Benefit from) provision for income taxes		(8,043)	24,131
<b>Net (loss) earnings</b>		(10,791)	53,134
Less: Net earnings attributable to noncontrolling interest		1,851	1,436
<b>Net (loss) earnings attributable to Company</b>	<u>\$</u>	<u>\$ (12,642)</u>	<u>\$ 51,698</u>

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(Dollars in thousands)	<u>Pro Forma</u> <u>Year Ended</u> <u>December 31,</u> <u>2016</u>	<u>Historical</u>	
		<u>Year Ended</u> <u>December 31,</u> <u>2016</u>	<u>Year Ended</u> <u>December 31,</u> <u>2015</u>
<b>Per share:</b>			
Earnings per share:			
Basic	\$		
Diluted	\$		
Average number of shares used in calculating earnings per share:			
Basic			
Diluted			
<b>Balance Sheet Data (at period end):</b>			
Cash and cash equivalents		\$ 26,027	\$ 10,417
Property, plant and equipment, net		201,747	232,886
Total assets		1,850,895	1,983,379
Total current liabilities		112,694	127,954
Total Parent Company equity		1,546,322	1,639,865
Total equity		1,551,353	1,644,993
<b>Statements of Cash Flows Data:</b>			
Net cash provided by operating activities		\$ 128,580	\$ 207,903
Net cash used in investing activities		(26,899)	(26,333)
Net cash used in financing activities		(85,981)	(194,977)
<b>Other Data:</b>			
Adjusted Working Capital (1)	\$	\$ 257,763	\$ 310,025
Free Cash Flow (2)	\$	\$ 81,004	\$ 108,916
<b>Production &amp; Automation Technologies:</b>			
Segment (loss) earnings	\$	\$ (12,942)	\$ 66,839
Adjusted segment EBITDA (3)	\$	\$ 99,422	\$ 189,201
Adjusted segment EBITDA margin (3)		15.6%	20.7%
Bookings (4)	\$	\$ 625,149	\$ 869,947
Book-to-bill ratio (4)		0.98x	0.95x
<b>Drilling Technologies:</b>			
Segment earnings	\$	\$ 12,946	\$ 31,133
Adjusted segment EBITDA (3)	\$	\$ 27,799	\$ 49,993
Adjusted segment EBITDA margin (3)		24.5%	30.4%
Bookings (4)	\$	\$ 118,433	\$ 160,756
Book-to-bill ratio (4)		1.05x	0.98x
<p>(1) Refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Overview and Outlook—Key Performance Indicators and Other Performance Measures” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Disclosures” for the definition of Adjusted Working Capital.</p> <p>(2) Refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Overview and Outlook—Key Performance Indicators and Other Performance Measures,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Disclosures” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Financial Condition—Liquidity and Capital Resources—Free Cash Flow” for the definition of Free Cash Flow and reconciliation to cash flow provided by operating activities, which we believe is the most closely comparable GAAP financial measure.</p>			

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- (3) Refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Overview and Outlook—Key Performance Indicators and Other Performance Measures,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Segment Results of Operations” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Disclosures” for the definitions of Adjusted segment EBITDA and Adjusted segment EBITDA margin.
- (4) Refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Overview and Outlook—Key Performance Indicators and Other Performance Measures” for a description of Bookings and Book-to-bill ratio.

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## RISK FACTORS

*You should carefully consider the following risks and other information in this information statement in evaluating Wellsite and Wellsite's common stock. Any of the following risks could materially and adversely affect Wellsite's business, financial condition, results of operations and cash flows. The risk factors generally have been separated into three groups: risks related to Wellsite's business, risks related to the separation and risks related to Wellsite's common stock.*

### Risks Related to Wellsite's Business

***Trends in oil and natural gas prices may affect the drilling and production activity, profitability and financial stability of Wellsite's customers and therefore the demand for, and profitability of, Wellsite's products and services, which could have a material adverse effect on Wellsite's business, results of operations and financial condition.***

The oil and gas industry is cyclical in nature and experiences periodic downturns of varying length and severity. Most recently, the oil and gas industry experienced a significant downturn in 2015 and 2016. Wellsite's ability to manage periodic industry downturns is important to its business, results and prospects. Demand for Wellsite's energy products and services is sensitive to the level of drilling and production activity of, and the corresponding capital spending by, oil and natural gas companies. The level of drilling and production activity is directly affected by trends in oil and natural gas prices, which are influenced by numerous factors affecting the supply and demand for oil and gas, including:

- worldwide economic activity;
- the level of exploration and production activity;
- interest rates and the cost of capital;
- environmental regulation;
- federal, state and foreign policies regarding exploration and development of oil and gas;
- the ability and/or desire of OPEC and other major producers to set and maintain production levels and pricing;
- governmental regulations regarding future oil and gas exploration and production;
- the cost of exploring and producing oil and gas;
- the pace of adoption and cost of developing alternative energy sources;
- the availability, expiration date and price of onshore and offshore leases;
- the discovery rate of new oil and gas reserves in onshore and offshore areas;
- the success of drilling for oil and gas in unconventional resource plays such as shale formations;
- alternative opportunities to invest in onshore exploration and production opportunities;
- domestic and global political and economic uncertainty, socio-political unrest and instability, terrorism or hostilities;
- technological advances; and
- weather conditions.

Oil and gas prices and the level of drilling and production activity have been characterized by significant volatility in recent years. In particular, the prices of oil and natural gas were highly volatile in 2014 and 2015 and

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declined dramatically. Prices of oil began to recover in late 2016 but there can be no assurance that increases will continue. Wellsite expects continued volatility in both crude oil and natural gas prices, as well as in the level of drilling and production related activities. Even the perception of longer-term lower oil and natural gas prices can reduce or defer major capital expenditures by Wellsite's customers in the oil and gas industry. A significant downturn in the industry could result in the reduction in demand for Wellsite's products and services, and could have a material adverse effect on Wellsite's business, results of operations, financial condition and cash flows.

***Wellsite might be unable to compete successfully with other companies in its industry.***

The markets in which Wellsite operates are highly competitive. The principal competitive factors in Wellsite's markets are customer service, product quality and performance, price, breadth of product offering, market expertise and innovation. In some of Wellsite's product and service offerings, it competes with the oil and natural gas industry's largest oilfield service providers. These large national and multi-national companies may have longer operating histories, greater financial, technical, and other resources, greater brand recognition, and a stronger presence in geographic markets than Wellsite. In addition, Wellsite competes with many smaller companies capable of competing effectively on a regional or local basis. Wellsite's competitors may be able to respond more quickly to new or emerging technologies and services, and changes in customer requirements. Many contracts are awarded on a bid basis, which further increases competition based on price. As a result of competition, Wellsite may lose market share or be unable to maintain or increase prices for its present services, or to acquire additional business opportunities, which could have a material adverse effect on Wellsite's business, results of operations, financial condition and cash flows.

***If Wellsite is unable to develop new products and technologies, its competitive position may be impaired, which could materially and adversely affect its sales and market share.***

The markets in which Wellsite operates are characterized by changing technologies and introductions of new products and services. As a result, Wellsite's success is dependent upon its ability to develop or acquire new services and products on a cost-effective basis, to introduce them into the marketplace in a timely manner and to protect and maintain critical intellectual property assets related to these developments. Difficulties or delays in research, development or production of new products and technologies, or failure to gain market acceptance of new products and technologies, may significantly reduce future revenues and materially and adversely affect Wellsite's competitive position. While Wellsite intends to continue committing substantial financial resources and effort to the development of new services and products, Wellsite may not be able to successfully differentiate its services and products from those of its competitors. Wellsite's customers may not consider its proposed services and products to be of value to them or may not view them as superior to Wellsite's competitors' services and products. In addition, competitors or customers may develop new technologies, which address similar or improved solutions to Wellsite's existing technology. Further, Wellsite may not be able to adapt to evolving markets and technologies, develop new products, achieve and maintain technological advantages or protect technological advantages through intellectual property rights. If Wellsite does not compete successfully, its business, results of operations, financial condition and cash flows could be materially adversely affected.

***Wellsite could lose customers or generate lower revenue, operating profits and cash flows if there are significant increases in the cost of raw materials or if Wellsite is unable to obtain raw materials.***

Wellsite purchases raw materials, sub-assemblies and components for use in its manufacturing operations, which exposes Wellsite to volatility in prices for certain commodities. Significant price increases for these commodities could adversely affect Wellsite's operating profits. While Wellsite generally attempts to mitigate the impact of increased raw material prices by endeavoring to make strategic purchasing decisions, broaden its supplier base and pass along increased costs to customers, there may be a time delay between the increased raw

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material prices and the ability to increase the prices of products, or Wellsite may be unable to increase the prices of products due to a competitor's pricing pressure or other factors. In addition, while raw materials are generally available now, the inability to obtain necessary raw materials could affect Wellsite's ability to meet customer commitments and satisfy market demand for certain products. Certain of Wellsite's product lines depend on a limited number of third-party suppliers and vendors. The ability of these third parties to deliver raw materials may be affected by events beyond Wellsite's control. Consequently, a significant price increase in raw materials, or their unavailability, may result in a loss of customers and adversely impact Wellsite's business, results of operations, financial condition and cash flows.

***Federal, state and local legislative and regulatory initiatives relating to hydraulic fracturing and the potential for related litigation could result in increased costs and additional operating restrictions or delays for Wellsite's customers, which could reduce demand for Wellsite's products and negatively impact Wellsite's business, financial condition and results of operations.***

Environmental laws and regulations could limit Wellsite's customers' exploration and production activities. Although Wellsite does not directly engage in hydraulic fracturing activities, it provides products and services to hydraulic fracturing operators in the oil and natural gas industry. Hydraulic fracturing is a widely used industry production technique that is used to recover oil and/or natural gas from dense subsurface rock formations. The process involves the injection of water, proppants and chemicals, under pressure, into the formation to fracture the surrounding rock and stimulate production. The hydraulic fracturing process is typically regulated by state or local governmental authorities. However, the practice of hydraulic fracturing has become controversial in some areas and is undergoing increased scrutiny. Several federal agencies, regulatory authorities, and legislative entities are investigating the potential environmental impacts of hydraulic fracturing and whether additional regulation may be necessary. The U.S. Congress has from time to time considered, but has not yet adopted, legislation to provide for federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the process. The U.S. Environmental Protection Agency ("EPA") has issued a number of regulations in recent years that may affect hydraulic fracturing; however, the Trump administration has more generally indicated an interest in scaling back or rescinding regulations that inhibit the development of the U.S. oil and gas industry. It is difficult to predict the extent to which proposed regulations will be implemented or the outcome of any related litigation.

In addition, various state and local governments have implemented, or are considering, increased regulatory oversight of hydraulic fracturing through additional permitting requirements, operational restrictions, disclosure requirements and temporary or permanent bans on hydraulic fracturing in certain areas such as environmentally sensitive watersheds. For example, many states have imposed disclosure requirements on hydraulic fracturing well owners and operators regarding the chemicals used in hydraulic fracturing. Some local governments have adopted and others may seek to adopt ordinances prohibiting or regulating the time, place and manner of drilling activities in general or hydraulic fracturing activities within their jurisdictions. Concerns have been raised that hydraulic fracturing may also contribute to seismic activity and in response to these concerns, regulators in some states, including Texas, are seeking to impose additional requirements. Increased regulation and attention given to induced seismicity could lead to greater opposition to, and litigation concerning, oil and natural gas activities utilizing hydraulic fracturing or injection wells for waste disposal.

The adoption of new laws or regulations at the federal, state, or local levels imposing reporting obligations on, or otherwise limiting or delaying, the hydraulic fracturing process could make it more difficult to complete oil and gas wells, increase Wellsite's customers' costs of compliance and doing business, and otherwise adversely affect the hydraulic fracturing services they perform, which could negatively impact demand for Wellsite's products and services. In addition, heightened political, regulatory and public scrutiny of hydraulic fracturing practices, including lawsuits, could expose Wellsite or its customers to increased legal and regulatory

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proceedings, which could be time-consuming, costly or result in substantial legal liability or significant reputational harm. Wellsite could be directly affected by adverse litigation, or indirectly affected if the cost of compliance or the risks of liability limit the ability or willingness of Wellsite's customers to operate. Such costs and scrutiny could directly or indirectly, through reduced demand for Wellsite's products and services, have a material adverse effect on its business, results of operations, financial condition and cash flows.

***Wellsite's growth and results of operations may be adversely affected if it is unsuccessful in its capital allocation and acquisition program.***

If Wellsite fails to allocate its capital appropriately, in respect of either its acquisition program or organic growth in its operations, it could be overexposed in certain markets and geographies and unable to expand into adjacent products or markets. Wellsite expects to pursue a strategy of acquiring value creating add-on businesses that broaden its existing position and global reach thereby complementing its existing businesses. However, there can be no assurance that Wellsite will be able to continue to find suitable businesses to purchase, that Wellsite will be able to acquire such businesses on acceptable terms, or that all closing conditions will be satisfied with respect to any pending acquisition. If Wellsite is unsuccessful in its acquisition efforts, then its ability to continue to grow could be adversely affected. In addition, Wellsite faces the risk that a completed acquisition may underperform relative to expectations. Wellsite may not achieve the synergies originally anticipated, may become exposed to unexpected liabilities or may not be able to sufficiently integrate completed acquisitions into its current business and growth model. These factors could potentially have an adverse impact on Wellsite's business, results of operations, financial condition and cash flows.

***Wellsite's products are used in operations that are subject to potential hazards inherent in the oil and natural gas industry and, as a result, Wellsite is exposed to potential liabilities that may affect its financial condition and reputation.***

Wellsite's products are used in potentially hazardous drilling, completion and production applications in the oil and natural gas industry where an accident or a failure of a product can potentially have catastrophic consequences. Risks inherent to these applications, such as equipment malfunctions and failures, equipment misuse and defects, explosions, blowouts and uncontrollable flows of oil, natural gas or well fluids and natural disasters can cause personal injury, loss of life, suspension of operations, damage to formations, damage to facilities, business interruption and damage to or destruction of property, surface water and drinking water resources, equipment and the environment. In addition, Wellsite provides certain services that could cause, contribute to or be implicated in these events. If Wellsite's products or services fail to meet specifications or are involved in accidents or failures, Wellsite could face warranty, contract or other litigation claims, which could expose Wellsite to substantial liability for personal injury, wrongful death, property damage, loss of oil and natural gas production, and pollution and other environmental damages. Wellsite may agree to indemnify its customers against specific risks and liabilities. While Wellsite maintains insurance protection against some of these risks, and seeks to obtain indemnity agreements from its customers requiring the customers to hold Wellsite harmless from some of these risks, Wellsite's insurance and contractual indemnity protection may not be sufficient or effective enough to protect it under all circumstances or against all risks. The defense of these lawsuits may require significant expenses and divert management's attention, and Wellsite may be required to pay damages that could adversely affect its business, results of operations, financial condition and cash flows. In addition, the frequency and severity of such incidents could affect insurability and relationships with customers, employees and regulators. In particular, Wellsite's customers may elect not to purchase its products or services if they view its safety record as unacceptable, which could cause Wellsite to lose customers and substantial revenues.

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***Wellsite's customers' industries are undergoing continuing consolidation that may impact Wellsite's results of operations.***

The oil and gas industry is rapidly consolidating and, as a result, some of Wellsite's largest customers have consolidated and are using their size and purchasing power to seek economies of scale and pricing concessions. This consolidation may result in reduced capital spending by some of Wellsite's customers or the acquisition of one or more of Wellsite's primary customers, which may lead to decreased demand for Wellsite's products and services. Wellsite cannot assure you that it will be able to maintain its level of sales to a customer that has consolidated or replace that revenue with increased business activity with other customers. As a result, the acquisition of one or more of Wellsite's primary customers may have a significant negative impact on Wellsite's business, results of operations, financial condition or cash flows. Wellsite is unable to predict what effect consolidations in the industry may have on price, capital spending by its customers, its selling strategies, its competitive position, its ability to retain customers or its ability to negotiate favorable agreements with its customers.

***Wellsite is subject to information technology, cybersecurity and privacy risks.***

Wellsite depends on various information technologies throughout its company to store and process information and support its business activities. Wellsite also manufactures and sells hardware and software to provide monitoring, controls and optimization of customer critical assets in oil and gas production and distribution. Wellsite also provides services to maintain these systems and to enable higher return through their business and technical domain knowledge. Additionally, Wellsite's operations rely upon partners, vendors and other third-party providers of information technology software and services. If these technologies, systems, products or services are damaged, cease to function properly, are breached due to employee error, malfeasance, system errors, or other vulnerabilities, or are subject to cybersecurity attacks, such as those involving unauthorized access, malicious software and/or other intrusions, including by criminals, nation states or insiders, Wellsite or its partners, vendors or other third parties could experience production downtimes, operational delays, other detrimental impacts on its operations or ability to provide products and services to its customers, the compromising of confidential, proprietary or otherwise protected information, including personal and customer data, destruction, corruption, or theft of data, security breaches, other manipulation, disruption, misappropriation or improper use of its systems or networks, financial losses from remedial actions, loss of business or potential liability, adverse media coverage, legal claims or legal proceedings, including regulatory investigations and actions, and/or damage to its reputation. While Wellsite attempts to mitigate these risks by employing a number of measures, including employee training, technical security controls and maintenance of backup and protective systems, Wellsite's and its partners', vendors' and other third-parties' systems, networks, products and services remain potentially vulnerable to known or unknown cybersecurity attacks and other threats, any of which could have a material adverse effect on Wellsite's business, results of operations, financial condition and cash flows.

***Wellsite and its customers are subject to extensive environmental and health and safety laws and regulations that may increase Wellsite's costs, limit the demand for Wellsite's products and services or restrict Wellsite's operations. In addition, future regulations, or more stringent enforcement of existing regulations, could increase those costs and liabilities, which could adversely affect Wellsite's results of operations.***

Wellsite's operations and the operations of its customers are subject to numerous and complex federal, state, local and foreign laws and regulations relating to the protection of human health, safety and the environment. These laws and regulations affect Wellsite's customers by limiting or curtailing their exploration, drilling and production activities, the products and services Wellsite designs, markets and sells and the facilities where Wellsite manufactures its products. For example, Wellsite's operations and the operations of its customers are subject to numerous and complex laws and regulations that, among other things, may regulate the management



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and disposal of hazardous and non-hazardous wastes; may require acquisition of environmental permits related to its operations; may restrict the types, quantities and concentrations of various materials that can be released into the environment; may limit or prohibit operation activities in certain ecologically sensitive and other protected areas; may regulate specific health and safety criteria addressing worker protection; may require compliance with operational and equipment standards; may impose testing, reporting and record-keeping requirements; and may require remedial measures to mitigate pollution from former and ongoing operations. Sanctions for noncompliance with such laws and regulations may include revocation of permits, corrective action orders, administrative or civil penalties, criminal prosecution and the imposition of injunctions to prohibit certain activities or force future compliance.

Some environmental laws and regulations provide for joint and several strict liability for remediation of spills and releases of hazardous substances. In addition, Wellsite or its customers may be subject to claims alleging personal injury or property damage as a result of alleged exposure to hazardous substances, as well as damage to natural resources. These laws and regulations may expose Wellsite or its customers to liability for the conduct of or conditions caused by others, or for Wellsite's acts or for the acts of Wellsite's customers that were in compliance with all applicable laws and regulations at the time such acts were performed. Any of these laws and regulations could result in claims, fines or expenditures that could be material to Wellsite's business, results of operations, financial condition and cash flows.

Environmental laws and regulations, and the interpretation and enforcement thereof, change frequently, and have tended to become more stringent over time. New laws and regulations may have a material adverse effect on Wellsite's customers by limiting or curtailing their exploration, drilling and production activities, which may adversely affect Wellsite's operations by limiting demand for Wellsite's products and services. Additionally, the implementation of new laws and regulations may have a material adverse effect on Wellsite's operating results by requiring Wellsite to modify its operations or products or shut down some or all of its facilities.

***Wellsite is subject to risks relating to its existing international operations and expansion into new geographical markets.***

Approximately 26% and 25% of Wellsite's revenues for 2016 and 2015, respectively, were derived outside the United States. Wellsite continues to focus on penetrating global markets as part of its overall growth strategy and expects sales from outside the United States to continue to represent a significant portion of its revenues. Wellsite's international operations and its global expansion strategy are subject to general risks related to such operations, including:

- political, social and economic instability and disruptions;
- government export controls, economic sanctions, embargoes or trade restrictions;
- the imposition of duties and tariffs and other trade barriers;
- limitations on ownership and on repatriation or dividend of earnings;
- transportation delays and interruptions;
- labor unrest and current and changing regulatory environments;
- increased compliance costs, including costs associated with disclosure requirements and related due diligence;
- difficulties in staffing and managing multi-national operations;
- limitations on Wellsite's ability to enforce legal rights and remedies; and
- access to or control of networks and confidential information due to local government controls and vulnerability of local networks to cyber risks.

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If Wellsite is unable to successfully manage the risks associated with expanding its global business or adequately manage operational risks of its existing international operations, the risks could have a material adverse effect on Wellsite's growth strategy involving expansion into new geographical markets, its reputation, its business, results of operations, financial condition and cash flows.

***Wellsite's business, profitability and reputation could be adversely affected by domestic and foreign governmental and public policy changes, risks associated with emerging markets, changes in statutory tax rates and unanticipated outcomes with respect to tax audits.***

Wellsite's domestic and international sales and operations are subject to risks associated with changes in laws, regulations and policies (including environmental and employment regulations, export/import laws, tax policies such as export subsidy programs and research and experimentation credits, carbon emission regulations and other similar programs). Failure to comply with any of the foregoing could result in civil and criminal, monetary and non-monetary penalties as well as damage to Wellsite's reputation. In addition, Wellsite cannot provide assurance that its costs of complying with new and evolving regulatory reporting requirements and current or future laws, including environmental protection, employment, data security, data privacy and health and safety laws, will not exceed Wellsite's estimates. In addition, Wellsite has made investments in certain countries, including Argentina, Australia, Bahrain, Colombia, Oman and Kenya, and may in the future invest in other countries, any of which may carry high levels of currency, political, compliance, or economic risk. While these risks or the impact of these risks are difficult to predict, any one or more of them could adversely affect Wellsite's business and reputation.

Wellsite is subject to taxation in a number of jurisdictions. Accordingly, Wellsite's effective tax rate is impacted by changes in the mix among earnings in countries with differing statutory tax rates, changes in the valuation allowance of deferred tax assets, disagreements with taxing authorities with respect to the interpretation of tax laws and regulations and changes in tax laws. The amount of income taxes and other taxes paid can be adversely impacted by changes in statutory tax rates and laws (which have been and may in the future be under active consideration in various jurisdictions) and are subject to ongoing audits by domestic and international authorities. If these changes or audits result in assessments different from amounts estimated, then Wellsite's business, results of operations, financial condition and cash flows may be adversely affected by unfavorable tax adjustments. In addition, changes in various laws and regulations could have a material negative effect on our customers, resulting in lower demand for our products and services.

***Failure to attract, retain and develop personnel for key management could have an adverse effect on Wellsite's results of operations, financial condition and cash flows.***

Wellsite's growth, profitability and effectiveness in conducting its operations and executing its strategic plans depend in part on its ability to attract, retain and develop qualified personnel, align them with appropriate opportunities for key management positions and support for strategic initiatives. Additionally, during periods of increased investment in the oil and gas industry, competition to hire may increase and the availability of qualified personnel may be reduced. If Wellsite is unsuccessful in its efforts to attract and retain qualified personnel, its business, results of operations, financial condition and cash flows could be adversely affected, its market share and competitive position could be adversely affected and/or Wellsite could miss opportunities for growth and efficiencies.

***The credit risks of Wellsite's customer base could result in losses.***

Many of Wellsite's customers are oil and gas companies that have faced or may in the future face liquidity constraints during adverse commodity price environments like the recent industry downturn. These customers

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impact Wellsite's overall exposure to credit risk as they are also affected by prolonged changes in economic and industry conditions. If a significant number of Wellsite's customers experience a prolonged business decline or disruptions, Wellsite may incur increased exposure to credit risk and bad debts.

***Wellsite's revenue, operating profits and cash flows could be adversely affected if it is unable to protect or obtain patent and other intellectual property rights.***

Wellsite owns patents, trademarks, licenses and other forms of intellectual property related to its products and continuously invests in research and development that may result in innovations and general intellectual property rights. Wellsite employs various measures to develop, maintain and protect its intellectual property rights. These measures may not be effective in capturing intellectual property rights, and they may not prevent Wellsite's intellectual property from being challenged, invalidated, or circumvented, particularly in countries where intellectual property rights are not highly developed or protected. Unauthorized use of Wellsite's intellectual property rights could adversely impact its competitive position and have a negative impact on its business, results of operations, financial condition and cash flows.

***Climate change legislation and regulatory initiatives could result in increased compliance costs for Wellsite and its customers.***

Numerous proposals have been made and are likely to continue to be made at various levels of government to monitor and limit emissions of greenhouse gases ("GHGs"). Past sessions of the U.S. Congress considered, but did not enact, legislation to address climate change. The EPA and other federal agencies under the previous administration issued regulations that aim to reduce GHG emissions; however, the Trump administration has more generally indicated an interest in scaling back or rescinding regulations addressing GHG emissions, including those affecting the U.S. oil and gas industry. It is difficult to predict the extent to which such policies will be implemented or the outcome of any related litigation. Any regulation of GHG emissions could result in increased compliance costs or additional operating restrictions for Wellsite or its customers and limit or curtail exploration, drilling and production activities of Wellsite's customers, which could directly or indirectly, through reduced demand for Wellsite's products and services, adversely affect Wellsite's business, results of operations, financial condition and cash flows.

***The loss of a significant customer could have an adverse impact on Wellsite's financial results.***

Wellsite's customers represent some of the largest operators in the oil and gas drilling and production markets, including major integrated, large independent and foreign national oil and gas companies, as well as oil field equipment and service providers. In 2016, Wellsite's top 10 customers represented approximately 30% of total revenues, and no single customer accounted for more than 10% of Wellsite's revenues. While Wellsite is not dependent on any one customer or group of customers, the loss of one or more of Wellsite's significant customers could have an adverse effect on its business, results of operations, financial condition and cash flows.

***Wellsite's results may be impacted by current domestic and international economic conditions and uncertainties.***

Wellsite may be adversely affected by disruptions in the financial markets or declines in economic activity both domestically and internationally in those countries in which it operates. These circumstances will also impact Wellsite's suppliers and customers in various ways which could have an impact on Wellsite's business operations, particularly if global credit markets are not operating efficiently and effectively to support industrial commerce.

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Wellsite is subject to risk due to the volatility of global energy prices and regulations that impact drilling and production, with overall demand for Wellsite's products and services impacted by depletion rates, global economic conditions and related energy demands.

Negative changes in worldwide economic and capital market conditions are beyond Wellsite's control, are highly unpredictable and can have an adverse effect on Wellsite's business, results of operations, financial condition, cash flows and cost of capital.

***A significant decline in the future economic outlook of Wellsite's business and expected future cash flows could result in goodwill or intangible asset impairment charges which would negatively impact its results of operations.***

Wellsite has significant goodwill and intangible assets. The valuation and classification of these assets and the assignment of useful lives involve significant judgments and the use of estimates. The testing of goodwill and intangibles for impairment requires significant use of judgment and assumptions, particularly as it relates to the determination of fair market value. A decrease in the long-term economic outlook and future cash flows of Wellsite's business could significantly impact asset values and potentially result in the impairment of intangible assets, including goodwill. Although fair values currently exceed carrying values for each reporting unit, the value of Wellsite's business was unfavorably impacted by the steep declines in revenue and order rates during 2015 and 2016 as drilling and production activity fell due to unfavorable oil prices and lower U.S. rig counts. Future economic declines could result in charges relating to impairments that could have a material adverse effect on Wellsite's results of operations in future periods.

***Wellsite's reputation, ability to do business and results of operations may be impaired by improper conduct by any of its employees, agents, or business partners.***

While Wellsite strives to maintain high standards, Wellsite cannot provide assurance that its internal controls and compliance systems will always protect it from acts committed by its employees, agents, or business partners that would violate United States and/or non-United States laws or fail to protect Wellsite's confidential information, including the laws governing payments to government officials, bribery, fraud, anti-kickback and false claims, competition, export and import compliance, money laundering and data privacy, as well as the improper use of proprietary information or social media. Any such violations of law or improper actions could subject Wellsite to civil or criminal investigations in the United States and in other jurisdictions, could lead to substantial civil or criminal, monetary and non-monetary penalties and related stockholder lawsuits, could lead to increased costs of compliance and could damage Wellsite's reputation, its business, results of operations, financial condition and cash flows.

***Wellsite's exposure to exchange rate fluctuations on cross-border transactions and the translation of local currency results into U.S. dollars could negatively impact its results of operations.***

Wellsite conducts a portion of its business outside of the United States, and fluctuations in currency exchange rates could have a significant impact on its reported results of operations, financial condition and cash flows, which are presented in U.S. dollars. For example, foreign exchange rates had an unfavorable impact on Wellsite's revenue for the year ended December 31, 2016. Cross-border transactions, both with external parties and intercompany relationships, result in increased exposure to foreign exchange effects. Accordingly, significant changes in currency exchange rates, principally the Canadian Dollar, Australian Dollar and Colombian Peso, could cause fluctuations in the reported results of Wellsite's business that could negatively affect its results of operations. Additionally, the strengthening of the U.S. dollar potentially exposes Wellsite to competitive threats from lower cost producers in other countries. Wellsite's sales are translated into U.S. dollars for reporting purposes. The strengthening of the U.S. dollar could result in unfavorable translation effects as the results of foreign locations are translated into U.S. dollars.

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***Customer requirements and new regulations may increase Wellsite's expenses and impact the availability of certain raw materials, which could adversely affect its revenue and operating profits.***

Wellsite's business uses parts or materials that are impacted by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") requirement for disclosure of the use of "conflict minerals" mined in the Democratic Republic of the Congo and adjoining countries. It is possible that some of Wellsite's customers will require "conflict free" metals in products purchased from Wellsite. Wellsite is in the process of determining the country of origin of certain metals used by its business, as required by the Dodd-Frank Act. The supply chain due diligence and verification of sources may require several years to complete based on the current availability of smelter origin information and the number of vendors. Wellsite may not be able to complete the process in the time frame required because of the complexity of its supply chain. Other governmental social responsibility regulations also may impact Wellsite's suppliers, manufacturing operations and operating profits.

The need to find alternative sources for certain raw materials or products because of customer requirements and regulations may impact Wellsite's ability to secure adequate supplies of raw materials or parts, lead to supply shortages, or adversely impact the prices at which its business can procure compliant goods.

***Adverse and unusual weather conditions could have an adverse impact on Wellsite's business.***

Wellsite's business could be materially and adversely affected by severe weather conditions. Hurricanes, tropical storms, flash floods, blizzards, cold weather and other severe weather conditions could result in evacuation of personnel, curtailment of services, damage to equipment and facilities, interruption in transportation of products and materials, and loss of productivity. For example, certain of Wellsite's manufactured products and components are manufactured at a single facility, and disruptions in operations or damage to any such facilities could reduce Wellsite's ability to produce products and satisfy customer demand. If Wellsite's customers are unable to operate or are required to reduce operations due to severe weather conditions, and as a result curtail purchases of Wellsite's products and services, Wellsite's business could be adversely affected.

#### **Risks Related to the Separation**

***Wellsite may not achieve some or all of the expected benefits of the separation, and the separation may adversely affect Wellsite's business.***

Wellsite may not be able to achieve the full strategic and financial benefits expected to result from the separation, or such benefits may be delayed or not occur at all. The separation and distribution is expected to provide the following benefits, among others:

- The separation will allow each company to more effectively pursue its own distinct operating priorities and strategies, and will enable the management of both companies to pursue separate opportunities for long-term growth and profitability, and to recruit, retain and motivate employees pursuant to compensation policies which are appropriate for their respective lines of business.
- The separation will permit each company to concentrate its financial resources solely on its own operations, providing greater flexibility to invest capital in its business in a time and manner appropriate for its distinct strategy and business needs.
- Dover's Board of Directors believes that Dover's businesses and Wellsite's businesses appeal to different types of investors with different industry focuses, investment goals and risk profiles; as such, the separation will enable investors to evaluate the merits, performance and future prospects of each company's businesses and to invest in each company separately based on these distinct characteristics.

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- The separation will create an independent equity structure that will afford Wellsite direct access to capital markets and will facilitate the ability to capitalize on its unique growth opportunities and effect future acquisitions utilizing, among other types of consideration, shares of its common stock.

Wellsite may not achieve these and other anticipated benefits for a variety of reasons, including, among others: (a) the separation will require significant amounts of management's time and effort, which may divert management's attention from operating and growing Wellsite's business; (b) following the separation, Wellsite's stock price may be more susceptible to market fluctuations and other events particular to one or more of Wellsite's products than if it were still a part of Dover; and (c) following the separation, Wellsite's business will be less diversified than Dover's business prior to the separation. If Wellsite fails to achieve some or all of the benefits expected to result from the separation, or if such benefits are delayed, the business, results of operations, financial condition and cash flows of Wellsite could be adversely affected.

***Wellsite has no history operating as an independent publicly traded company, and Wellsite's historical and pro forma financial information is not necessarily representative of the results that it would have achieved as a separate, publicly-traded company and therefore may not be a reliable indicator of its future results.***

Wellsite is being spun-off from Dover, its parent company, and has no operating history as a separate publicly traded company. The historical information about Wellsite in this information statement refers to Wellsite's business as part of Dover. Wellsite's historical and pro forma financial information included in this information statement is derived from the financial statements and accounting records of Dover. Accordingly, the historical and pro forma financial information included in this information statement does not necessarily reflect the financial condition, results of operations or cash flows that Wellsite would have achieved as a separate, publicly-traded company during the periods presented or those that Wellsite will achieve in the future primarily as a result of the factors described below:

- Wellsite will need to make significant investments to replicate or outsource certain systems, infrastructure and functional expertise after its separation from Dover. These initiatives to develop Wellsite's independent ability to operate without access to Dover's existing operational and administrative infrastructure will be costly to implement. Wellsite may not be able to operate its business efficiently or at comparable costs, and its profitability may decline; and
- generally, Wellsite has relied upon Dover for working capital requirements and other cash requirements. Subsequent to the separation, Dover will not be providing Wellsite with funds to finance Wellsite's working capital or other cash requirements. After the separation, Wellsite's access to and cost of debt financing may be different from the historical access to and cost of debt financing under Dover. Differences in access to and cost of debt financing may result in differences in the interest rate charged to Wellsite on financings, as well as the amounts of indebtedness, types of financing structures and debt markets that may be available to Wellsite, which could have an adverse effect on Wellsite's business, financial condition and results of operations and cash flows.

For additional information about the past financial performance of Wellsite's business and the basis of presentation of the historical combined financial statements and the unaudited pro forma combined financial statements of Wellsite's business, see the section entitled "Unaudited Pro Forma Combined Financial Statements," "Selected Historical Combined Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical financial statements and accompanying notes included elsewhere in this information statement.

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***Dover may fail to perform under various transaction agreements that will be executed as part of the separation or Wellsite may fail to have necessary systems and services in place when certain of the transaction agreements expire.***

Wellsite and Dover will enter into certain agreements, such as the separation and distribution agreement, a transition services agreement and those other agreements discussed in greater detail in the section entitled “Certain Relationships and Related Person Transactions—Agreements with Dover,” which will provide for the performance of services by each company for the benefit of the other for a period of time after the separation. Wellsite will rely on Dover to satisfy its performance and payment obligations under these agreements. If Dover is unable to satisfy its obligations under these agreements, including its indemnification obligations, Wellsite could incur operational difficulties or losses.

If Wellsite does not have in place its own systems and services, does not have agreements with other providers of these services when the transitional or long-term agreements terminate, or if Wellsite does not implement the new systems or replace Dover’s services successfully, Wellsite may not be able to operate its business effectively, which could disrupt its business and have a material adverse effect on its business, results of operations, financial condition and cash flows. These systems and services may also be more expensive to install, implement and operate, or less efficient than the systems and services Dover is expected to provide during the transition period.

***Potential indemnification liabilities to Dover pursuant to the separation and distribution agreement could materially and adversely affect Wellsite’s business, financial condition, results of operations and cash flows.***

The separation and distribution agreement, among other things, provides for indemnification obligations designed to make Wellsite financially responsible for substantially all liabilities that may exist relating to its business activities, whether incurred prior to or after the separation. If Wellsite is required to indemnify Dover under the circumstances set forth in the separation and distribution agreement, Wellsite may be subject to substantial liabilities.

***In connection with Wellsite’s separation from Dover, Dover will indemnify Wellsite for certain liabilities. However, there can be no assurance that the indemnity will be sufficient to insure Wellsite against the full amount of such liabilities, or that Dover’s ability to satisfy its indemnification obligation will not be impaired in the future.***

Pursuant to the separation and distribution agreement and certain other agreements with Dover, Dover will agree to indemnify Wellsite for certain liabilities as discussed further in “Certain Relationships and Related Person Transactions—Agreements with Dover.” However, third parties could also seek to hold Wellsite responsible for any of the liabilities that Dover has agreed to retain, and there can be no assurance that the indemnity from Dover will be sufficient to protect Wellsite against the full amount of such liabilities, or that Dover will be able to fully satisfy its indemnification obligations. In addition, Dover’s insurers may attempt to deny coverage to Wellsite for liabilities associated with certain occurrences of indemnified liabilities prior to the separation. Moreover, even if Wellsite ultimately succeeds in recovering from Dover or such insurance providers any amounts for which Wellsite is held liable, Wellsite may be temporarily required to bear these losses. Each of these risks could negatively affect Wellsite’s business, results of operations, financial condition and cash flows.

***Wellsite will be subject to continuing contingent liabilities of Dover following the separation.***

After the separation, there will be several significant areas where the liabilities of Dover may become Wellsite’s obligations. For example, under the Code and the related rules and regulations, each corporation that

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was a member of the Dover U.S. consolidated group during a taxable period or portion of a taxable period ending on or before the effective time of the distribution is jointly and severally liable for the U.S. federal income tax liability of the entire Dover U.S. consolidated group for that taxable period. Consequently, Wellsite could be required to pay the entire amount of Dover's consolidated U.S. federal income tax liability for a prior period, which could be substantial and in excess of the amount allocated to Wellsite under the tax matters agreement between it and Dover. For a discussion of the tax matters agreement, see the section entitled "Certain Relationships and Related Person Transactions—Agreements with Dover—Tax Matters Agreement." Other provisions of federal law establish similar liability for other matters, including laws governing tax-qualified pension plans as well as other contingent liabilities.

***If the distribution, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, you and Dover could be subject to significant tax liability and, in certain circumstances, Wellsite could be required to indemnify Dover for material taxes pursuant to indemnification obligations under the tax matters agreement.***

A condition to the distribution is the receipt by Dover of (i) a private letter ruling from the IRS (the "IRS Ruling") together with an opinion of McDermott Will & Emery LLP, tax counsel to Dover, substantially to the effect that, among other things, the contribution and the distribution, taken together, will qualify as a tax-free reorganization for U.S. federal income tax purposes under Section 368(a)(1)(D) of the Code, and the distribution will qualify as a tax-free distribution to Dover's shareholders under Section 355 of the Code or (ii) an opinion of McDermott Will & Emery LLP, tax counsel to Dover, substantially to the effect that, among other things, the contribution and the distribution, taken together, will qualify as a tax-free reorganization for U.S. federal income tax purposes under Section 368(a)(1)(D) of the Code and the distribution will qualify as a tax-free distribution to Dover's shareholders under Section 355 of the Code. The IRS ruling (if obtained) and the opinion of tax counsel will rely on certain facts and assumptions, and certain representations and undertakings from Dover and Wellsite, including those regarding the past and future conduct of the companies' respective businesses and other matters. If any of these facts, assumptions, representations or undertakings are incorrect or not satisfied, Dover and its stockholders may not be able to rely on the IRS Ruling (if obtained) or the opinion, and could be subject to significant tax liabilities. Notwithstanding the IRS Ruling (if obtained) and the opinion of tax counsel, the IRS could determine on audit that the distribution is taxable if it determines that any of these facts, assumptions, representations or undertakings are not correct or have been violated or if it disagrees with the conclusions in the opinion. For more information regarding the tax opinion, see the section entitled "Material U.S. Federal Income Tax Consequences." In addition, Dover and Wellsite intend for certain related transactions to qualify for tax-free treatment under U.S. federal, state and local tax law and/or foreign tax law.

If the distribution is determined to be taxable for U.S. federal income tax purposes, Dover and its stockholders that are subject to U.S. federal income tax could incur significant U.S. federal income tax liabilities. For example, if the distribution fails to qualify for tax-free treatment, Dover would for U.S. federal income tax purposes be treated as if it had sold the Wellsite common stock in a taxable sale for its fair market value, and Dover's stockholders who are subject to U.S. federal income tax would be treated as receiving a taxable distribution in an amount equal to the fair market value of the Wellsite common stock received in the distribution. In addition, if certain related transactions fail to qualify for tax-free treatment under U.S. federal, state and local tax law and/or foreign tax law, Dover (and, under the tax matters agreement described below, Wellsite) could incur significant tax liabilities under U.S. federal, state, local and/or foreign tax law, respectively.

Under the tax matters agreement between Dover and Wellsite, Wellsite would generally be required to indemnify Dover for taxes incurred by Dover that arise as a result of Wellsite's taking or failing to take, as the case may be, certain actions that result in the distribution failing to meet the requirements of a tax-free distribution under Section 355 of the Code or of such related transactions failing to qualify for tax-free treatment.



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Wellsite's indemnification obligations to Dover under the tax matters agreement are not limited by a maximum amount. If Wellsite is required to indemnify Dover under the circumstances set forth in the tax matters agreement, Wellsite may be subject to substantial liabilities, which could materially adversely affect its business, results of operations, financial condition and cash flows.

Under the tax matters agreement between Dover and Wellsite, Dover may, in its sole discretion, make protective elections under Section 336(e) of the Code for Wellsite and some or all of its domestic subsidiaries with respect to the distribution. If, notwithstanding the IRS Ruling (if obtained) and the opinion of tax counsel, the distribution fails to qualify as tax-free under Section 355 of the Code, the Section 336(e) elections would generally cause deemed sales of the assets of Wellsite and its electing subsidiaries, causing the Dover group to recognize a gain to the extent the fair market value of the assets exceeded the basis of Wellsite and its electing subsidiaries in such assets. In such case, to the extent that Dover is responsible for the resulting transaction taxes, Wellsite generally would be required under the tax matters agreement to make periodic payments to Dover equal to the tax savings arising from a "step up" in the tax basis of Wellsite's assets.

***Wellsite may not be able to engage in certain corporate transactions after the separation.***

To preserve the tax-free treatment to Dover and its stockholders of the contribution and the distribution and certain related transactions, under the tax matters agreement that Wellsite will enter into with Dover, Wellsite is restricted from taking any action following the distribution that prevents the distribution and related transactions from being tax-free for U.S. federal income tax purposes. Under the tax matters agreement, for the two-year period following the distribution, Wellsite will be prohibited, except in certain circumstances, from:

- entering into any transaction resulting, when combined with prior transactions, in the acquisition of 40% or more of its stock or substantially all of its assets, whether by merger or otherwise;
- merging, consolidating or liquidating;
- issuing equity securities beyond certain thresholds;
- repurchasing its capital stock in excess of specified amounts;
- ceasing to actively conduct its business or disposing of more than 25% of the assets used in its actively conducted business; and
- engaging in certain internal transactions.

These restrictions may limit Wellsite's ability to pursue certain strategic transactions or other transactions that it may believe to be in the best interests of its stockholders or that might increase the value of its business. In addition, under the tax matters agreement, Wellsite may be required to indemnify Dover against all or a portion of such tax liabilities as a result of the acquisition of Wellsite's stock or assets, even if it did not participate in or otherwise facilitate the acquisition. For more information, see the section entitled "Certain Relationships and Related Person Transactions—Agreements with Dover—Tax Matters Agreement."

***The spin-off and related internal restructuring transactions may expose Wellsite to potential liabilities arising out of state and federal fraudulent conveyance laws and legal dividend requirements.***

If Dover files for bankruptcy or is otherwise determined or deemed to be insolvent under federal bankruptcy laws, a court could deem the spin-off or certain internal restructuring transactions undertaken by Dover in connection with the separation to be a fraudulent conveyance or transfer. Fraudulent conveyances or transfers are defined to include transfers made or obligations incurred with the actual intent to hinder, delay or defraud current or future creditors or transfers made or obligations incurred for less than reasonably equivalent value when the

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debtor was insolvent, or that rendered the debtor insolvent, inadequately capitalized or unable to pay its debts as they become due. A court could void the transactions or impose substantial liabilities upon Wellsite, which could adversely affect Wellsite's financial condition and its results of operations. Among other things, the court could require Wellsite's stockholders to return to Dover some or all of the shares of its common stock issued in the spin-off, or require Wellsite to fund liabilities of other companies involved in the restructuring transactions for the benefit of creditors.

The distribution of Wellsite's common stock is also subject to review under state corporate distribution statutes. Under the DGCL, a corporation may only pay dividends to its stockholders either (i) out of its surplus (net assets minus capital) or (ii) if there is no such surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. Although Dover intends to make the distribution of Wellsite's common stock entirely out of surplus, Wellsite cannot assure you that a court will not later determine that some or all of the distribution to Dover stockholders was unlawful.

***After the separation, certain of Wellsite's executive officers and directors may have actual or potential conflicts of interest because of their previous or continuing positions at Dover.***

Because of their current or former positions with Dover, certain of Wellsite's expected executive officers and directors own equity interests in Dover. Following the separation, even though Wellsite's Board of Directors will consist of a majority of directors who are independent, and Wellsite's expected executive officers who are currently employees of Dover will cease to be employees of Dover upon the separation, some of Wellsite's executive officers and directors will continue to have a financial interest in shares of Dover's common stock. Continuing ownership of shares of Dover's common stock and equity awards could create, or appear to create, potential conflicts of interest if Wellsite and Dover pursue the same corporate opportunities or face decisions that could have different implications for Dover and Wellsite.

***Wellsite may have received better terms from unaffiliated third parties than the terms it will receive in its agreements with Dover.***

The agreements Wellsite will enter into with Dover in connection with the separation, including the separation and distribution agreement, transition services agreement, tax matters agreement and employee matters agreement were prepared in the context of Wellsite's separation from Dover while Wellsite was still a wholly owned subsidiary of Dover. Accordingly, during the period in which the terms of those agreements were prepared, Wellsite did not have an independent Board of Directors or a management team that was independent of Dover. As a result, the terms of those agreements may not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties. Arm's-length negotiations between Dover and an unaffiliated third party in another form of transaction, such as a buyer in a sale of a business transaction, may have resulted in more favorable terms to the unaffiliated third party. For more information, see the section entitled "Certain Relationships and Related Person Transactions—Agreements with Dover."

***Some contracts and other assets which will need to be transferred or assigned from Dover or its affiliates to Wellsite in connection with Wellsite's separation from Dover may require the consent or involvement of a third party. If such consent is not given, Wellsite may not be entitled to the benefit of such contracts and other assets in the future, which could negatively impact its financial condition and future results of operations.***

The separation and distribution agreement and various local transfer agreements provide that in connection with Wellsite's separation from Dover, a number of contracts with third parties and other assets are to be transferred or assigned from Dover or its affiliates to Wellsite. However, the transfer or assignment of certain of these contracts or assets may require providing guarantees or the consent of a third party to such a transfer or

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assignment. Similarly, in some circumstances, Wellsite and another business unit of Dover may be joint beneficiaries of contracts, and Wellsite may need to enter into a new agreement with the third party to replicate the existing contract or assign the portion of the existing contract related to the Wellsite business. It is possible that some parties may use the requirement of a guarantee or consent or the fact that the separation is occurring to seek more favorable contractual terms from Wellsite or to seek to terminate the contract. If Wellsite is unable to provide a guarantee or obtain such consents on commercially reasonable and satisfactory terms or if the contracts are terminated, it may be unable to obtain some of the benefits, assets and contractual commitments which are intended to be allocated to it as part of its separation from Dover. The failure to timely complete the assignment of existing contracts or assets, or the negotiation of new arrangements, or a termination of any of those arrangements, could negatively impact Wellsite's financial condition and future results of operations. In addition, where Wellsite does not intend to provide a guarantee or obtain consent from third party counterparties based on its belief that no guarantee or consent is required, the third party counterparties may challenge a transfer of assets on the basis that the terms of the applicable commercial arrangements require that a guarantee be provided or the third party counterparty's consent. Wellsite may incur substantial litigation and other costs in connection with any such claims and, if Wellsite does not prevail, its ability to use these assets could be adversely impacted.

***Wellsite expects to incur new indebtedness at or prior to the distribution, and the degree to which Wellsite will be leveraged following completion of the distribution may have a material adverse effect on its business, financial condition or results of operations and cash flows.***

Wellsite has historically relied upon Dover for working capital requirements and other cash requirements. After the distribution, Wellsite will not be able to rely on the earnings, assets or cash flow of Dover and Dover will not provide funds to finance Wellsite's working capital or other cash requirements. As a result, after the distribution, Wellsite will be responsible for servicing its own debt, and obtaining and maintaining sufficient working capital and other funds to satisfy its cash requirements. In connection with the distribution, Wellsite expects to incur borrowings of \$            million and distribute \$            million of the proceeds of such indebtedness to Dover. After the separation, Wellsite's access to and cost of debt financing may be different from the historical access to and cost of debt financing under Dover. Differences in access to and cost of debt financing may result in differences in the interest rate charged to Wellsite on financings, as well as the amounts of indebtedness, types of financing structures and debt markets that may be available to it.

Wellsite's ability to make payments on and to refinance its indebtedness, including the debt incurred pursuant to the distribution, as well as any future debt that it may incur, will depend on its ability to generate cash in the future from operations, financings or asset sales and the tax consequences of its repatriation of overseas cash. Wellsite's ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond Wellsite's control. If Wellsite is not able to repay or refinance its debt as it becomes due, it may be forced to sell assets or take other disadvantageous actions, including (i) reducing financing in the future for working capital, capital expenditures and general corporate purposes or (ii) dedicating an unsustainable level of its cash flow from operations to the payment of principal and interest on its indebtedness. In addition, Wellsite's ability to withstand competitive pressures and to react to changes in the oil and gas industry could be impaired. The lenders who hold such debt could also potentially accelerate amounts due, which could potentially trigger a default or acceleration of any of Wellsite's other debt.

In addition, Wellsite may increase its debt or raise additional capital following the distribution, subject to restrictions in its debt agreements. If Wellsite's cash flow from operations is less than it anticipates, or if its cash requirements are more than it expects, Wellsite may require more financing. However, debt or equity financing may not be available to Wellsite on terms acceptable to it, if at all. If Wellsite incurs additional debt or raises equity through the issuance of preferred stock, the terms of the debt or preferred stock issued may give the holders rights, preferences and privileges senior to those of holders of Wellsite's common stock, particularly in

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the event of liquidation. The terms of the debt may also impose additional and more stringent restrictions on Wellsite's operations than it currently has. If Wellsite raises funds through the issuance of additional equity, your percentage ownership in Wellsite would be diluted. If Wellsite is unable to raise additional capital when needed, it could affect its financial condition, which could negatively affect your investment in Wellsite. Also, regardless of the terms of Wellsite's debt or equity financing, the amount of stock that it can issue may be limited because the issuance of its stock may cause the distribution to be a taxable event for Dover under Section 355(e) of the Code, and under the tax matters agreement, Wellsite could be required to indemnify Dover for the resulting tax. See the section entitled "Risk Factors—Risks Related to the Separation—Wellsite may not be able to engage in certain corporate transactions after the separation."

***Until the distribution occurs, Dover has the sole discretion to change the terms of the distribution in ways which may be unfavorable to Wellsite.***

Until the distribution occurs, Dover will have the sole and absolute discretion to determine and change the terms of the distribution, including the establishment of the record date and distribution date. These changes could be unfavorable to Wellsite. In addition, Dover may decide at any time not to proceed with the separation.

***Wellsite's accounting and other management systems and resources may not be adequately prepared to meet the financial reporting and other requirements to which it will be subject following the distribution.***

Wellsite's financial results previously were included within the consolidated results of Dover, and Wellsite believes that its financial reporting and internal controls were appropriate for a subsidiary of a public company. However, Wellsite was not directly subject to the reporting and other requirements of the Exchange Act. As a result of the distribution, Wellsite will be directly subject to reporting and other obligations under the Exchange Act. Beginning with its Annual Report on Form 10-K for the year ending December 31, , Wellsite will be required to comply with Section 404 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") which will require annual management assessments of the effectiveness of Wellsite's internal controls over financial reporting. Wellsite's independent registered public accounting firm is not required to express an opinion as to the effectiveness of our internal control over financial reporting until after it is no longer an "emerging growth company," as defined in the JOBS Act. At such time, however, Wellsite's independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which its internal control over financial reporting is documented, designed or operating. These reporting and other obligations may place significant demands on its management, administrative and operational resources, including accounting systems and resources.

The Exchange Act requires that Wellsite file annual, quarterly and current reports with respect to its business and financial condition. Under the Sarbanes-Oxley Act, Wellsite is required to maintain effective disclosure controls and procedures and internal controls over financial reporting. To comply with these requirements, Wellsite may need to upgrade its systems; implement additional financial and management controls, reporting systems and procedures; and hire additional accounting and finance staff. Wellsite expects to incur additional annual expenses for the purpose of addressing these requirements, and those expenses may be significant. If Wellsite is unable to upgrade its financial and management controls, reporting systems, information technology systems and procedures in a timely and effective fashion, Wellsite's ability to comply with its financial reporting requirements and other rules that apply to reporting companies under the Exchange Act could be impaired. Any failure to achieve and maintain effective internal controls could have a material adverse effect on Wellsite's business, results of operations, financial condition or cash flows.

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***Wellsite is an emerging growth company, and any decision on its part to comply with certain reduced reporting and disclosure requirements applicable to emerging growth companies could make its common stock less attractive to investors.***

Wellsite is an emerging growth company, and, for as long as it continues to be an emerging growth company, Wellsite currently intends to take advantage of exemptions from various reporting requirements applicable to other public companies but not to “emerging growth companies,” including, but not limited to, not being required to have its independent registered public accounting firm audit its internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its registration statements, periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. Wellsite could be an emerging growth company for up to five years following the completion of the spin-off. Wellsite will cease to be an emerging growth company upon the earliest of: (1) the end of the fiscal year following the fifth anniversary of the spin-off; (2) the first fiscal year after its annual gross revenues are \$1.07 billion or more; (3) the date on which Wellsite has, during the previous three-year period, issued more than \$1.0 billion in non-convertible debt securities; or (4) the date on which Wellsite is deemed to be a “large accelerated filer” under the Exchange Act. Wellsite cannot predict if investors will find its common stock less attractive if Wellsite chooses to rely on these exemptions. If some investors find its common stock less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for its common stock and the price of its common stock may be more volatile.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. Wellsite has irrevocably elected not to avail itself of this accommodation allowing for delayed adoption of new or revised accounting standards, and, therefore, Wellsite will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

### **Risks Related to Wellsite’s Common Stock**

***Wellsite cannot be certain that an active trading market for its common stock will develop or be sustained after the separation, and following the separation, Wellsite’s stock price may fluctuate significantly.***

A public market for Wellsite’s common stock does not currently exist. Wellsite expects that on or about [REDACTED], trading of shares of its common stock will begin on a “when-issued” basis and will continue through the distribution date. However, Wellsite cannot guarantee that an active trading market will develop or be sustained for its common stock after the separation. Nor can Wellsite predict the prices at which shares of its common stock may trade after the separation.

Similarly, Wellsite cannot predict the effect of the separation on the trading prices of its common stock. After the separation, Dover’s common stock will continue to be listed and traded on the NYSE under the symbol “DOV.” Subject to the consummation of the separation, Wellsite expects the Wellsite common stock to be listed and traded on the NYSE under the symbol “[REDACTED].” The combined trading prices of Dover’s common stock and Wellsite’s common stock after the separation, as adjusted for any changes in the combined capitalization of these companies, may not be equal to or greater than the trading price of Dover’s common stock prior to the separation. Until the market has fully evaluated the business of Dover without the Wellsite businesses, or fully evaluated Wellsite, the price at which Dover or Wellsite’s common stock trade may fluctuate significantly.

The market price of Wellsite’s common stock may fluctuate significantly due to a number of factors, some of which may be beyond Wellsite’s control, including:

- Wellsite’s business profile and market capitalization may not fit the investment objectives of Dover’s current stockholders, causing a shift in Wellsite’s investor base, and Wellsite’s common stock may not

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be included in some indices in which Dover's common stock is included, causing certain holders to sell their shares;

- Wellsite's quarterly or annual earnings, or those of other companies in its industry;
- the failure of securities analysts to cover Wellsite's common stock after the separation;
- actual or anticipated fluctuations in Wellsite's operating results;
- changes in earnings estimates by securities analysts or Wellsite's ability to meet those estimates or its earnings guidance;
- the operating and stock price performance of other comparable companies;
- overall market fluctuations and domestic and worldwide economic conditions; and
- other factors described in these "Risk Factors" and elsewhere in this information statement.

Stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the trading price of Wellsite's common stock.

***A number of shares of Wellsite's common stock are or will be eligible for future sale, which may cause Wellsite's stock price to decline.***

Any sales of substantial amounts of shares of Wellsite's common stock in the public market or the perception that such sales might occur, in connection with the distribution or otherwise, may cause the market price of Wellsite's common stock to decline. Upon completion of the distribution, Wellsite expects that it will have an aggregate of approximately        million shares of its common stock issued and outstanding based upon approximately        million shares of Dover common stock outstanding as of        . These shares will be freely tradeable without restriction or further registration under the U.S. Securities Act of 1933, as amended (the "Securities Act"), unless the shares are owned by one of Wellsite's "affiliates," as that term is defined in Rule 405 under the Securities Act.

Wellsite is unable to predict whether large amounts of its common stock will be sold in the open market following the distribution. Wellsite is also unable to predict whether a sufficient number of buyers would be in the market at that time. A portion of Dover's common stock is held by index funds tied to stock indices. If Wellsite is not included in these indices at the time of distribution, these index funds may be required to sell Wellsite's common stock.

***Wellsite cannot guarantee the timing, amount, or payment of dividends on its common stock.***

The timing, declaration, amount and payment of future dividends to Wellsite's stockholders will fall within the discretion of Wellsite's Board of Directors. The Board of Directors' decisions regarding the payment of dividends will depend on many factors, such as Wellsite's financial condition, earnings, capital requirements, debt service obligations, industry practice, legal requirements, regulatory constraints, and other factors that the Board of Directors deems relevant. For more information, see the section entitled "Dividend Policy." Wellsite's ability to pay dividends will depend on its ongoing ability to generate cash from operations and access to the capital markets. Wellsite cannot guarantee that it will pay a dividend in the future or continue to pay any dividend if Wellsite commences paying dividends.

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***Your percentage of ownership in Wellsite may be diluted in the future.***

Your percentage ownership in Wellsite may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise, including, without limitation, equity awards that Wellsite may grant to its directors, officers and employees.

In addition, Wellsite's amended and restated certificate of incorporation will authorize Wellsite to issue, without the approval of Wellsite's stockholders, one or more classes or series of preferred stock having such designation, powers, preferences and relative, participating, optional and other special rights, including preferences over Wellsite's common stock respecting dividends and distributions, as Wellsite's Board of Directors generally may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of Wellsite's common stock. For example, Wellsite could grant the holders of preferred stock the right to elect some number of Wellsite's directors in all events or on the happening of specified events or to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences Wellsite could assign to holders of preferred stock could affect the residual value of Wellsite's common stock. See the section entitled "Description of Wellsite's Capital Stock."

***Certain provisions in Wellsite's amended and restated certificate of incorporation and amended and restated by-laws, and of Delaware law, may prevent or delay an acquisition of Wellsite, which could decrease the trading price of the common stock.***

Wellsite's amended and restated certificate of incorporation and amended and restated by-laws will contain, and Delaware law contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the bidder and to encourage prospective acquirers to negotiate with Wellsite's Board of Directors rather than to attempt a hostile takeover. These provisions include, among others:

- the inability of Wellsite's stockholders to call a special meeting or act by written consent;
- rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings;
- the right of Wellsite's Board of Directors to issue preferred stock without stockholder approval;
- the division of Wellsite's Board of Directors into three approximately equal classes of directors until the third annual meeting of stockholders following the separation, after which directors will be elected annually;
- a provision that stockholders may only remove directors for cause while Wellsite's Board of Directors is classified;
- the ability of Wellsite's directors, and not stockholders, to fill vacancies (including those resulting from an enlargement of the Board of Directors) on Wellsite's Board of Directors; and
- a provision that Wellsite's Board of Directors is expressly authorized to make, alter, or repeal Wellsite's amended and restated by-laws and that its stockholders may only amend its by-laws or amend certain provisions of its amended and restated certificate of incorporation with the approval of 80% or more of all of the outstanding shares of its capital stock entitled to vote, provided, however that effective as of the completion of the third annual meeting of stockholders following the separation, the provision relating to the 80% voting threshold will be of no force and effect, and stockholders may thereafter amend Wellsite's amended and restated bylaws or certain provisions of its amended and restated certificate of incorporation with the approval of a majority of all of the outstanding shares of its capital stock entitled to vote.

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In addition, following the distribution, Wellsite will be subject to Section 203 of the DGCL. Section 203 provides that, subject to limited exceptions, persons that (without prior board approval) acquire, or are affiliated with a person that acquires, more than 15 percent of the outstanding voting stock of a Delaware corporation shall not engage in any business combination with that corporation, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which that person or its affiliate becomes the holder of more than 15 percent of the corporation's outstanding voting stock.

Wellsite believes these provisions will protect its stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with Wellsite's Board of Directors and by providing Wellsite's Board of Directors with more time to assess any acquisition proposal. These provisions are not intended to make Wellsite immune from takeovers. However, these provisions will apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that Wellsite's Board of Directors determines is not in the best interests of Wellsite and its stockholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

In addition, an acquisition or further issuance of Wellsite's stock could trigger the application of Section 355(e) of the Code. For a discussion of Section 355(e), see the section entitled "Material U.S. Federal Income Tax Consequences." Under the tax matters agreement, Wellsite may be required to indemnify Dover for all or a portion of the tax imposed under Section 355(e) of the Code resulting from an acquisition or issuance of its stock, even if it did not participate in or otherwise facilitate the acquisition, and this indemnity obligation might discourage, delay or prevent a change of control that you may consider favorable.



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#### **CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

This information statement and other materials Dover and Wellsite have filed or will file with the SEC contain, or will contain, certain statements regarding business strategies, market potential, future financial performance, future action, results and other matters which are “forward-looking” statements within the meaning of the Exchange Act. The words “believe,” “expect,” “anticipate,” “project,” “estimate,” “budget,” “continue,” “could,” “intend,” “may,” “plan,” “potential,” “predict,” “seek,” “should,” “will,” “would,” “expect,” “objective,” “forecast,” “goal,” “guidance,” “outlook,” “effort,” “target” and similar expressions, among others, generally identify forward-looking statements, which speak only as of the date the statements were made. Additionally, forward-looking statements include, but are not limited to:

- Wellsite’s expectations as to future sales of products;
- Wellsite’s ability to protect its intellectual property in the United States and abroad;
- Wellsite’s estimates regarding its capital requirements and its needs for additional financing;
- Wellsite’s estimates of its expenses, future revenues and profitability;
- Wellsite’s estimates of the size of the markets for its products and services;
- Wellsite’s expectations related to the rate and degree of market acceptance of its products; and
- Wellsite’s estimates of the success of other competing technologies that may become available.

In particular, information included under the sections entitled “Information Statement Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business,” and “The Separation and Distribution” contain forward-looking statements.

The matters discussed in these forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those projected, anticipated or implied in the forward-looking statements. Where, in any forward-looking statement, an expectation or belief as to future results or events is expressed, such expectation or belief is based on the current plans and expectations of management and expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. Factors that could cause actual results or events to differ materially from those anticipated include the matters described under the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Neither Dover nor Wellsite undertakes any obligation to update any forward-looking statement, except as required by applicable law.

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#### **DIVIDEND POLICY**

The timing, declaration, amount, and payment of any dividends following the separation by Wellsite is within the discretion of its Board of Directors and will depend upon many factors, including Wellsite's financial condition, earnings, capital requirements of its operating subsidiaries, restrictions under debt agreements or other contractual obligations, legal requirements, regulatory constraints, industry practice, ability to access capital markets, and other factors deemed relevant by its Board of Directors. Moreover, if Wellsite determines to pay any dividend in the future, there can be no assurance that it will continue to pay such dividends or the amount of such dividends.

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### CAPITALIZATION

The following table sets forth Wellsite's cash and cash equivalents and capitalization as of December 31, 2016 on a historical combined basis and on a pro forma basis to give effect to the pro forma adjustments included in Wellsite's unaudited pro forma combined financial information. See the section entitled "Unaudited Pro Forma Combined Financial Statements" and the related notes thereto. The information below is not necessarily indicative of what Wellsite's cash and cash equivalents and capitalization would have been had the separation, distribution and related financing transactions been completed as of December 31, 2016. In addition, it is not indicative of Wellsite's future capitalization. This table should be read in conjunction with the sections entitled "Unaudited Pro Forma Combined Financial Statements," "Selected Historical Combined Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Wellsite's combined financial statements and notes included elsewhere in this information statement.

	December 31, 2016	
	Actual	Pro Forma
	(Dollars in millions)	
Cash and cash equivalents	\$ 26.0	\$
Debt, including current and long-term:		
Current debt	\$ —	\$
Long-term debt	—	
Total debt	\$ —	\$
Equity:		
Common stock, par value \$0.01	\$ —	\$
Additional paid-in capital	—	
Parent Company investment in Wellsite Corporation	1,580.0	
Accumulated other comprehensive loss	(33.6)	
Noncontrolling interest	5.0	
Total Equity	\$1,551.4	\$
Total Capitalization	\$1,551.4	\$

Wellsite has not yet finalized its post-distribution capitalization. Pro forma financial information reflecting Wellsite's post-distribution capitalization will be included in an amendment to the registration statement of which this information statement forms a part.

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### SELECTED HISTORICAL COMBINED FINANCIAL DATA

The following table presents Wellsite's selected historical combined financial data. The selected historical combined balance sheet data as of December 31, 2016 and 2015, the combined statements of earnings data for the years ended December 31, 2016 and 2015 and the combined statements of cash flows data for the years ended December 31, 2016 and 2015 have been derived from Wellsite's combined audited financial statements included elsewhere in this information statement. The historical financial data includes costs of Wellsite's businesses, which include the allocation of certain corporate expenses from Dover. Wellsite believes these allocations were made on a reasonable basis. The selected financial information may not be indicative of Wellsite's future performance as an independent company. It should be read in conjunction with the discussion in "Management's Discussion and Analysis of Financial Condition and Results of Operations," the unaudited pro forma combined financial statements and corresponding notes, the combined audited combined financial statements and corresponding notes included elsewhere in this information statement.

(Dollars in thousands)	Historical	
	Year Ended December 31, 2016	Year Ended December 31, 2015
<b>Statements of Earnings Data:</b>		
<b>Revenue</b>	\$ 751,337	\$ 1,076,680
Cost of goods and services	510,842	693,702
<b>Gross profit</b>	240,495	382,978
Selling, general and administrative expenses	250,576	294,062
<b>Operating (loss) earnings</b>	(10,081)	88,916
Other expense, net	8,753	11,651
<b>(Loss) earnings before (benefit from) provision for income taxes</b>	(18,834)	77,265
(Benefit from) provision for income taxes	(8,043)	24,131
<b>Net (loss) earnings</b>	(10,791)	53,134
Less: Net earnings attributable to noncontrolling interest	1,851	1,436
<b>Net (loss) earnings attributable to Company</b>	\$ (12,642)	\$ 51,698
<b>Balance Sheet Data (at period end):</b>		
Cash and cash equivalents	\$ 26,027	\$ 10,417
Property, plant and equipment, net	201,747	232,886
Total assets	1,850,895	1,983,379
Total current liabilities	112,694	127,954
Total Parent Company equity	1,546,322	1,639,865
Total equity	1,551,353	1,644,993
<b>Statements of Cash Flows Data:</b>		
Net cash provided by operating activities	\$ 128,580	\$ 207,903
Net cash used in investing activities	(26,899)	(26,333)
Net cash used in financing activities	(85,981)	(194,977)

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### UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The unaudited pro forma combined financial statements of Wellsite consist of an unaudited pro forma combined statement of earnings for the fiscal year ended December 31, 2016, and an unaudited pro forma combined balance sheet as of December 31, 2016. The unaudited pro forma combined financial statements reported below should be read in conjunction with Wellsite's "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the historical combined financial statements and the corresponding notes included elsewhere in this information statement.

The following unaudited pro forma combined financial statements are subject to assumptions and adjustments described in the accompanying notes. Wellsite's management believes these assumptions and adjustments are reasonable under the circumstances and given the information available at this time. The unaudited pro forma combined financial statements do not purport to represent what Wellsite's financial position and results of operations actually would have been had the separation and distribution occurred on the dates indicated, or to project Wellsite's financial performance for any future period.

The pro forma balance sheet adjustments assume that Wellsite's separation from Dover occurred as of December 31, 2016. The pro forma adjustments to the unaudited pro forma combined statements of earnings assume that the separation occurred as of January 1, 2016.

The unaudited pro forma combined financial statements give effect to the following:

- the contribution by Dover to Wellsite, pursuant to the separation and distribution agreement, of all the assets and liabilities that comprise the Wellsite business;
- the incurrence of \$      million in new debt at an annual interest rate of approximately    %;
- the reclassification of Dover's remaining net investment in Wellsite to additional paid-in capital;
- the impact of the separation and distribution agreement, tax matters agreement, employee matters agreement and transition services agreement and the provisions contained therein;
- the distribution of approximately      million shares of Wellsite's common stock at a par value of \$0.01 per share; and
- the assumption by Wellsite of certain benefit plan net liabilities.

Wellsite's historical combined financial statements include expense allocations for certain support functions that are provided on a centralized basis within Dover, which include corporate executive management, human resources, information technology, facilities, tax, shared services, finance and legal services. Upon completion of the separation, pursuant to agreements with Dover, Wellsite expects that Dover will continue to provide it with some of the services related to these functions on a transitional basis in exchange for agreed-upon fees, and Wellsite expects to incur other costs to replace the services and resources that will not be provided by Dover. Wellsite will also incur additional costs related to being a stand-alone public company. As a stand-alone public company, Wellsite's total costs related to such support functions may differ from the costs that were historically allocated to it from Dover. Wellsite estimates that these costs may exceed the allocated amount for full year 2016 of \$19.5 million by a range of approximately \$      million to \$      million in 2017. Wellsite has not adjusted the accompanying unaudited pro forma combined statement of earnings for any of these estimated costs as they are projected amounts based on estimates and, therefore, are not factually supportable.

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Additionally, in connection with the spin-off, Wellsite expects to incur and pay non-recurring transaction, transition, financing and related costs. The accompanying unaudited pro forma combined statement of earnings has not been adjusted for these estimated expenses as they are not expected to have an ongoing impact on Wellsite's operating results. Due to the scope and complexity of these activities, the amount of these costs could increase or decrease and the timing of when they are incurred could change.

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**WELLSITE CORPORATION**  
**UNAUDITED PRO FORMA COMBINED STATEMENT OF EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(dollars and shares in thousands, except per share amounts)**

	<u>Historical</u>	<u>Pro Forma</u> <u>Adjustments</u>	<u>Pro Forma</u>
<b>Revenue</b>	\$ 751,337	\$	\$
Cost of goods and services	510,842	—	—
<b>Gross profit</b>	240,495	—	—
Selling and administrative expenses	250,576	—	—
<b>Operating loss</b>	(10,081)	—	—
Other expense, net	8,753	(A)	—
<b>Loss before benefit from income taxes</b>	(18,834)	—	—
Benefit from income taxes	(8,043)	(B)	—
<b>Net loss</b>	(10,791)	—	—
Less: Net earnings attributable to noncontrolling interest	1,851	—	—
<b>Net loss attributable to Company</b>	<u>\$ (12,642)</u>	<u>\$</u>	<u>\$</u>
<b>Unaudited Pro Forma Earnings Per Share</b>			
Basic		(C)	—
Diluted		(D)	—
<b>Average Number of Shares Used in Calculating Earnings Per Share</b>			
Basic		(C)	—
Diluted		(D)	—

See Notes to Unaudited Pro Forma Combined Financial Statements

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**WELLSITE CORPORATION**  
**UNAUDITED PRO FORMA COMBINED BALANCE SHEET**  
**AS OF DECEMBER 31, 2016**  
**(In thousands)**

	<u>Historical</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma</u>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 26,027	\$ (E)	\$
Receivables, net of allowances of \$5,634	139,485		
Inventories	184,558		
Prepaid and other current assets	6,251		
Total current assets	<u>356,321</u>		
<b>Property, plant and equipment, net</b>	201,747		
<b>Goodwill</b>	902,579		
<b>Intangible assets, net</b>	386,817		
<b>Other assets and deferred charges</b>	3,431		
<b>Total assets</b>	<u>\$1,850,895</u>	<u>\$</u>	<u>\$</u>
<b>Current liabilities:</b>			
Accounts payable	\$ 66,280	\$	\$
Accrued compensation and employee benefits	24,788	(F)	
Short-term debt	—	(E)	
Other accrued expenses	21,626		
Total current liabilities	<u>112,694</u>		
<b>Long-term debt</b>	—	(E)	
<b>Deferred income taxes</b>			(F)
	167,565		(G)
<b>Other liabilities</b>			(F)
	19,283		(G)
<b>Equity</b>			
Common stock	—		
Additional paid-in capital	—		
Parent Company investment in Wellsite			(F)
	1,579,951		(G)
Accumulated other comprehensive loss			(F)
	(33,629)		(G)
Total Parent Company Equity	1,546,322		
Noncontrolling interest	5,031		
Total equity	<u>1,551,353</u>		
<b>Total liabilities and equity</b>	<u>\$1,850,895</u>	<u>\$</u>	<u>\$</u>

See Notes to Unaudited Pro Forma Combined Financial Statements



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**WELLSITE CORPORATION**  
**NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS**  
**(Amount in thousands, except where otherwise indicated)**

- A. The pro forma adjustment to Other expense, net gives effect to the incurrence of \$                    million of new indebtedness in connection with the separation, as well as the amortization of debt issuance costs and initial fees. Pro forma interest expense was calculated based on an assumed annual, blended rate of    % before debt costs and fees. A 1/8% change to the annual interest rate would change interest expense by approximately \$                    million on an annual basis. Debt costs and initial fees assumed will be amortized over the terms of the associated debt, which is                    years. Actual interest expense and terms of debt may differ than the pro forma adjustments depending on fluctuations in interest rates or other variables.
- B. Reflects the tax effects of the pro forma adjustments at the applicable statutory income tax rates.
- C. The number of Wellsite shares used to compute basic earnings per share is based on the number of shares of Wellsite's common stock assumed to be outstanding on the distribution date, based on the number of shares of Dover's common stock outstanding on December 31, 2016, assuming a distribution ratio of one share of Wellsite's common stock for every                    shares of Dover's common stock outstanding.
- D. The number of shares used to compute diluted earnings per share is based on the number of basic shares of Wellsite's common stock as described in Note C above, plus incremental shares assuming exercise of dilutive outstanding options and restricted stock awards. This calculation may not be indicative of the dilutive effect that will actually result from Wellsite's stock-based awards issued in connection with the adjustment of outstanding Dover stock-based awards or the grant of new stock-based awards. The number of dilutive shares of common stock underlying Wellsite's stock-based awards issued in connection with the adjustment of outstanding Dover stock-based awards will not be determined until the distribution date or shortly thereafter.
- E. Reflects the incurrence of approximately \$                    in new indebtedness, net of debt issuance costs of \$                    as described in Note (A) and the payment of a cash distribution to Dover in the amount of \$                    .
- F. Reflects the addition of net benefit plan liabilities that are accounted for as multi-employer plans that will be transferred to Wellsite by Dover as part of the completion of Wellsite's separation from Dover. These net benefit plan liabilities are excluded from the historical combined balance sheet. The benefit plan expenses associated with these liabilities are included in Wellsite's historical combined statements of earnings.
- G. Reflects the addition of liabilities related to certain management employees for a deferred compensation plan and a non-qualified supplemental retirement plan, accounted for as multi-employer plans. The benefit obligations attributed to Wellsite employees upon spin-off for these plans will be reflected in Wellsite's combined balance sheet as of the distribution date. The benefit plan expenses associated with the plans are recorded in Wellsite's historical combined statements of earnings.

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## **MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) presented below refers to and should be read in conjunction with the audited Combined Financial Statements and related notes and the unaudited pro forma combined financial statements and related notes, each included elsewhere in this information statement. The following discussion contains forward-looking statements. The matters discussed in these forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those made, projected or implied in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this information statement, particularly in “Risk Factors” and “Cautionary Statement Concerning Forward-Looking Statements.” Wellsite believes the assumptions underlying the Combined Financial Statements are reasonable. However, the Combined Financial Statements included herein may not necessarily reflect Wellsite’s results of operations, financial position and cash flows in the future or what they would have been had Wellsite been a separate, stand-alone company during the periods presented.

Unless otherwise indicated or context otherwise requires, all references in this information statement to “Wellsite Corporation,” “Wellsite,” “we,” “us,” “our” and “our company” refer (i) prior to the consummation of the reorganization described herein, to the Wellsite businesses, consisting of operations, assets and liabilities comprising a substantial portion of Dover’s upstream energy businesses within its Energy segment and reflected in the combined financial statements included herein; and (ii) after the reorganization, to Wellsite Corporation and its consolidated subsidiaries. References in this information statement to “Dover” or “parent” refer to Dover and its consolidated subsidiaries (excluding Wellsite), unless the context otherwise requires.

### **OVERVIEW AND OUTLOOK**

Wellsite is a leading provider of highly engineered technologies that help companies drill for and produce oil and gas efficiently and safely around the world. Our products include a full range of equipment and technologies that enable efficient drilling and safe and efficient production throughout the lifecycle of a well. Our principal products consist of artificial lift equipment and solutions, including electric submersible pump systems (“ESP”), rod pumping systems (“Rod Lift”), gas lift systems, progressive cavity pump systems (“PCP”) and plunger lift systems, as well as polycrystalline diamond cutters (“PDCs”) for drilling. We also provide a comprehensive automation offering consisting of equipment, software and Industrial Internet (“IIoT”) solutions for downhole monitoring, wellsite productivity enhancement and asset integrity management. Our expansive automation offering includes quartz pressure transducers and hybrid electronics, artificial lift controllers and optimization software, monitoring and predictive diagnostic instruments, and software for reciprocating machinery. Our products and technologies enhance our customers’ drilling and production economics.

Wellsite’s products are used by a broad spectrum of customers in the global oil and gas industry, including national oil and gas companies, large integrated and independent oil and gas companies, all of the major oilfield equipment and services providers, and pipeline companies. We compete across major oil and gas markets globally with a particular strength in the North American onshore market. Our products are particularly well suited for unconventional/shale oil and gas markets. While our products are used in both the oil and gas markets, over 75% of our revenues come from oil markets.

Our business is organized into two reportable segments:

- **Production & Automation Technologies.** Our Production & Automation Technologies segment generated revenues of \$638.0 million in 2016, representing 85% of our total 2016 revenues. Production & Automation Technologies facilitates the efficient, safe and cost effective extraction of oil

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and gas. We design, manufacture, market and service a full range of artificial lift equipment, end-to-end automation solutions, as well as other production equipment. A portion of Production & Automation Technologies revenue is derived from activity-based consumable products, as customers routinely replace items such as sucker rods, plunger lifts and pump parts. We believe that the combination of our artificial lift equipment and our proprietary automation solutions help oil and gas operators lower production costs and optimize well efficiency by enabling them to monitor, predict and optimize performance. Our products are sold under a collection of premier brands, which we believe are recognized by customers as leaders in their market spaces, including Harbison-Fischer, Norris, Alberta Oil Tool, Oil Lift Technology, PCS Ferguson, Pro-Rod, Upco, Accelerated, Norriseal-Wellmark, Quartzdyne, Spirit, Theta, Timberline and Windrock.

- **Drilling Technologies.** Our Drilling Technologies segment generated revenues of \$113.3 million in 2016, representing 15% of our total 2016 revenues. In operation for over 30 years, Drilling Technologies provides highly specialized products used in drilling oil and gas wells. We design, manufacture and market PDCs for use in oil and gas drill bits under the US Synthetic brand. Our proprietary PDCs are based on years of innovation and intellectual property development in material science applications including the production of highly stable synthetic diamonds, known as “polycrystalline diamonds.” US Synthetic has historically filed new patents at a rate of over 50 patents per year and has previously received the prestigious Shingo Prize for operational excellence. We believe our highly engineered PDCs are distinguished by their quality, rate of penetration and longevity. PDCs are a relatively small cost to the oil and gas operator in the context of overall drilling costs, but are critical to successful drilling. As a result, we believe our customers value the quality and performance of US Synthetic PDCs over less expensive alternatives because a lower quality PDC can cause unnecessary and expensive drilling delays. Over 95% of our PDCs are custom designed to meet unique customer requirements and are finished to exact customer specification to ensure optimal performance. PDCs are utilized in both vertical and horizontal drilling and need to be replaced as they wear out during the drilling process.

### Spin-off

On \_\_\_\_\_, Dover announced its intention to spin-off a substantial portion of Dover’s upstream energy businesses within its Energy segment into a stand-alone, publicly traded company known as Wellsite.

The spin-off will be in the form of a distribution of 100% of the shares of common stock of Wellsite, which will become an independent, publicly-traded company. The distribution is intended to be tax-free to Wellsite, Dover, and its U.S. stockholders. Dover currently expects that the distribution will be completed in \_\_\_\_\_. Completion of the transaction is subject to certain conditions, including that (A) Dover will have received either (i) the IRS Ruling together with an opinion of McDermott Will & Emery LLP, tax counsel to Dover, substantially to the effect that, among other things, the contribution and the distribution, taken together, will qualify as a tax-free reorganization for U.S. federal income tax purposes under Section 368(a)(1)(D) of the Code, and the distribution will qualify as a tax-free distribution to Dover’s shareholders under Section 355 of the Code or (ii) an opinion of McDermott Will & Emery LLP, tax counsel to Dover, substantially to the effect that, among other things, the contribution and the distribution, taken together, will qualify as a tax-free reorganization for U.S. federal income tax purposes under Section 368(a)(1)(D) of the Code and the distribution will qualify as a tax-free distribution to Dover’s shareholders under Section 355 of the Code, (B) Dover will have received final approval of Dover’s Board of Directors, (C) the NYSE will have approved the listing of Wellsite’s common stock, subject to official notice of issuance and (D) that the SEC will have declared effective the registration statement of which this information statement forms a part, and that no stop order relating to such registration statement will be in effect. For a complete discussion of all of the conditions to the distribution, see the section entitled “The Separation and Distribution—Conditions to the Distribution.”

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Upon completion of the spin-off, we will enter into agreements with Dover, including a transition services agreement, that have either not existed historically, or that may be on different terms than the terms of the arrangement or agreements that existed prior to the spin-off. The Combined Financial Statements do not reflect the effect of these new or revised agreements, and our historical expenses, including Selling, general and administrative expenses, may not be reflective of our consolidated results of operations, financial position and cash flows had we been a stand-alone company during the periods discussed in “—Combined Results of Operations.” For a more detailed description of the spin-off, see “The Spin-Off.”

**Market Conditions**

Our business provides a broad range of technologies and products for the oil and gas drilling and production industry and, as a result, is substantially dependent upon activity levels in the oil and gas industry. Demand for our products is impacted by overall global demand for oil and gas, ongoing depletion rates of existing wells which produce oil and gas, and our customers’ willingness to invest in the development and production of oil and gas resources. Our customers determine their operating and capital budgets primarily based on their current and projected crude oil and natural gas prices, U.S. and worldwide rig count and U.S. well completions. Crude oil and natural gas prices are impacted by geopolitical, macroeconomic and local events and have historically been subject to substantial volatility. Projected higher oil and gas prices typically translate into higher exploration and production budgets, and vice versa. Indicators, such as rig count and capital spending, have often been used as a proxy for the level of drilling activity in the oil and gas sector.

Beginning in the second half of 2014 and continuing through 2016, crude oil and natural gas prices experienced a steep decline due to high levels of global oil and gas production. The average price of West Texas Intermediate crude oil (WTI) decreased from a high of \$103.35 per barrel in the second quarter of 2014 to a low of \$33.35 in the first quarter of 2016. During the same period, the average price of Brent crude oil decreased from a high of \$109.70 per barrel to \$33.70 per barrel. The decline in crude oil and natural gas prices during this period in turn caused a decrease in our customers’ capital spending as they reduced drilling activity, postponed the completion of previously drilled wells and delayed some of the maintenance spending on producing wells. As a result, the average U.S. rig count decreased from a peak of 1,912 in the fourth quarter of 2014 to a trough of 422 in the second quarter of 2016, while the international rig count decreased from a peak of 1,348 in the third quarter of 2014 to a trough of 925 in the fourth quarter of 2016. This reduction in our customers’ spending had an adverse impact on our financial results during this period.

In response to these unprecedented market conditions, we pursued a comprehensive contingency plan that aimed at managing short-term financial performance and preserving long-term competitive advantage. As part of this plan, we identified and preserved the core capabilities that will position us well for the recovery. We implemented aggressive restructuring actions aimed at facility and cost structure rationalization, including headcount reductions. Enterprise wide working capital reduction efforts were deployed specifically targeting inventory reductions and increases in supplier payment terms. Additionally, our global sourcing teams secured incremental material savings to lower product costs, while our operations teams drove incremental productivity gains within our factories. In parallel, we worked diligently to preserve key technology investments and customer relationships, as well as retention of key talent during this period. As a result of our efforts, we continued to generate positive cash from operating activities, and positive free cash flow (non-GAAP measure). Refer to “—Financial Condition—Liquidity and Capital Resources—Free Cash Flow” for further details on this non-GAAP measure.

As oil prices have begun to stabilize in 2017, we have seen an increase in our customers’ spending and activity levels. While the North American market recovery began in the latter half of 2016 and continued through 2017, international markets remained under pressure through the beginning of 2017 and have now begun to

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recover. The price of WTI has averaged \$49.30 per barrel during the nine months ended September 30, 2017 compared with \$43.29 for the year ended December 31, 2016. The price of Brent crude oil has similarly averaged \$51.82 per barrel through September 30, 2017, compared with \$43.55 for the year ended December 31, 2016. Similarly, U.S. rig counts have recovered to 946 and international rig counts to 947 as of September 30, 2017.

Although there remains a risk that oil prices and activity levels could deteriorate from current levels, we believe that the outlook for our businesses over the long-term is favorable. Increasing global demand for oil & gas as well as continued depletion of existing reservoirs will drive continued investment in the drilling and completion of new wells. In addition, productivity and efficiency are becoming increasingly important in the oil and gas industry as operators focus on improving per-well economics, driven by a flattening of the WTI forward price curve, and the North American onshore oil and gas industry moving from an exploration phase into a more mature production phase.

The table below summarizes oil and gas prices, rig counts, and well completions over the last three years.

	2017				2016					2015				
	Q1	Q2	Q3	YTD	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Average Price WTI Crude (per bbl) (a)	\$51.62	\$48.10	\$48.18	\$49.30	\$33.35	\$45.46	\$44.85	\$49.14	\$43.29	\$48.49	\$57.85	\$46.49	\$41.94	\$48.66
Average Price Brent Crude (per bbl) (a)	\$53.68	\$49.67	\$52.11	\$51.82	\$33.70	\$45.52	\$45.79	\$49.18	\$43.55	\$53.92	\$61.69	\$50.23	\$43.57	\$52.35
Average Price Henry Hub Natural Gas (per mmBtu) (a)	\$ 3.01	\$ 3.08	\$ 2.95	\$ 3.01	\$ 2.00	\$ 2.14	\$ 2.88	\$ 3.04	\$ 2.52	\$ 2.90	\$ 2.75	\$ 2.76	\$ 2.12	\$ 2.63
U.S. Rig Count (b)	742	895	946	861	551	422	479	589	509	1,403	907	866	753	978
Canada Rig Count (b)	295	117	208	207	173	48	121	181	130	313	98	190	168	192
International Rig Count (b)	939	958	947	948	1,016	943	936	925	955	1,261	1,169	1,132	1,105	1,167
Worldwide Rig Count	1,976	1,970	2,101	2,016	1,740	1,413	1,536	1,695	1,594	2,977	2,174	2,188	2,026	2,337
U.S. Well Completions (a) (Quarter Average)	760	899	1,009	889	650	613	685	718	666	1,404	1,084	1,029	825	1,086

(a) Source: U.S. Energy Information Administration (EIA).

(b) Source: Baker Hughes Rig Count.

**Components of our Results of Operations**

**Revenues**—Our Revenues are generated substantially from product sales, which approximated over 90% of our 2016 and 2015 revenues. The remaining revenue is derived from services and leases, which represented less than 7% and 3%, respectively, in both years. Product revenues are derived from the sale of drilling and production equipment. Service revenues are earned as we provide technical advisory assistance and field services related to our products. Lease revenue is derived from rental income of leased production equipment. Most of our operations are in the United States with approximately 74% and 75% of our sales derived domestically in 2016 and 2015, respectively. International operations are spread across Canada, Europe, Australia, the Middle East and South America. Foreign sales approximated 26% and 25% of our total revenues in 2016 and 2015, respectively.

**Cost of goods and services**—The principal elements of Cost of goods and services are labor, raw materials and manufacturing overhead. Cost of goods and services as a percentage of revenues is influenced by the product mix sold in any particular period, the over or under absorption of manufacturing overhead and market conditions. Our costs related to our foreign operations do not significantly differ from our domestic costs.

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**Selling, general and administrative expenses**—Selling, general and administrative expenses include the costs associated with sales and marketing, general corporate overhead, business development expenses, compensation expense, stock-based compensation expense, legal expenses and expenses from other related administrative functions. Selling, general and administrative expenses also include allocations of costs that were incurred by Dover for functions such as corporate executive management, human resources, information technology, facilities, tax, shared services, finance and legal, including the costs of salaries, benefits and other related costs. These expenses have been allocated to Wellsite based on direct usage or benefit where identifiable, with the remainder allocated on the basis of revenues, headcount, or other measures.

**Other expense, net**—Other expense, net primarily includes royalty expense and foreign currency gains and losses. Royalty expense is payable to Dover for our use of patents and intangible assets owned by Dover. The royalty is charged based upon Wellsite revenues. Patents and intangibles owned by Dover related to Wellsite will transfer to Wellsite upon separation. Upon separation, no further royalty charges are expected to be incurred by Wellsite from Dover. Foreign currency gains and losses includes re-measurement and settlement of foreign currency denominated balances and foreign currency hedging activities.

**(Benefit from) provision for income taxes**—We are subject to income taxes in the United States and numerous foreign jurisdictions. Significant judgment is required in determining the provision for income taxes and income tax assets and liabilities, including evaluating uncertainties in the application of accounting principles and complex tax laws. In our historical Combined Financial Statements, (Benefit from) provision for income taxes and Deferred income tax balances have been calculated on a stand-alone basis, although our operations have historically been included in the tax returns filed by Dover. In the future, as a stand-alone entity, we will file tax returns on our own behalf and our deferred taxes and effective tax rate may differ from those in historical periods. Our overall effective income tax rate can be lower or higher than the statutory rate depending on foreign operations tax effect, research and experimentation tax credits, domestic manufacturing deductions and foreign tax credits.

**Key Performance Indicators and Other Performance Measures**

Throughout this MD&A, we refer to measures used by management to evaluate performance, including a number of financial and operational measures. Additionally, we evaluate performance using financial measures that are not defined under accounting principles generally accepted in the United States of America (“GAAP”). Please see “Non-GAAP Disclosures” at the end of this MD&A section for further detail on these financial measures. We believe these measures provide investors with important information that is useful in understanding our business results and trends. Reconciliations within this MD&A provide more details on the use and derivation of these measures.

**Bookings and book-to-bill ratio**—Bookings represent the dollar value of customer orders for a particular period. The book-to-bill ratio is used as an indicator of demand versus current period revenue, and it compares the total amount of orders received relative to revenues for the corresponding period. A ratio above 1.0 implies that more orders were received than filled, indicating strong customer demand, while a ratio below 1.0 implies weaker customer demand. We believe that both of these operational measures provide us and our investors an indication of our performance and outlook.

**Organic revenue growth**—Organic revenue growth represents the increase in revenue based on an increase in output, customer base expansion, or new product development, as opposed to mergers and acquisitions, which is inorganic growth. Organic revenue growth also excludes changes in revenue driven by foreign currency fluctuations. We use this non-GAAP measure in order to monitor and evaluate our comparable revenue performance and trends across periods.

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**Free cash flow**—Free cash flow is a non-GAAP measure, which represents net cash provided by operating activities minus capital expenditures as set forth in the Combined Statements of Cash Flows plus the change in income taxes payable computed under the stand-alone return basis, which is classified within Parent Company investment in Wellsite and included in financing activities in the Combined Statements of Cash Flows. We believe that free cash flow is an important measure of liquidity because it provides management and investors a measurement of cash generated from operations that is available for mandatory payment obligations and investment opportunities, such as funding acquisitions, paying dividends, repaying debt and repurchasing our common stock. The change in income taxes payable classified within financing activities is included in the free cash flow calculation to be more representative of the tax cash flows for a stand-alone company. Actual stand-alone tax cash flows may differ from those in historical periods.

**Adjusted working capital**—Adjusted working capital is a non-GAAP measure calculated as accounts receivable, plus inventory, less accounts payable. We believe adjusted working capital provides a meaningful measure of our operational results by showing changes caused by revenue or operational initiatives.

**Adjusted segment EBITDA and adjusted segment EBITDA margins**—Adjusted segment EBITDA and adjusted segment EBITDA margin, are non-GAAP measures and do not purport to be alternatives to operating income or segment earnings as a measure of operating performance. We believe that these measures are useful to investors and other users of our financial information in evaluating ongoing operating profitability as they exclude depreciation and amortization expense related primarily to capital expenditures and acquisitions that occurred in prior years, as well as restructuring expenses related primarily to exit costs and employee termination benefits. These measures are also useful in evaluating operating performance in relation to our peers.

**COMBINED RESULTS OF OPERATIONS**

<i>(dollars in thousands)</i>	Years Ended December 31,		% / Point Change
	2016	2015	2016 vs. 2015
Revenue	\$751,337	\$1,076,680	(30.2)%
Cost of goods and services	510,842	693,702	(26.4)%
Gross profit	240,495	382,978	(37.2)%
<i>Gross profit margin</i>	32.0%	35.6%	(3.6)
Selling, general and administrative expenses	250,576	294,062	(14.8)%
<i>Selling, general and administrative expenses as a percent of revenue</i>	33.4%	27.3%	6.1
Other expense, net	8,753	11,651	(24.9)%
(Benefit from) provision for income taxes	(8,043)	24,131	(133.3)%
<i>Effective tax rate</i>	42.7%	31.2%	11.5
Net (loss) earnings	(10,791)	53,134	(120.3)%
Less: Net earnings attributable to noncontrolling interest	1,851	1,436	28.9%
Net (loss) earnings attributable to Company	\$ (12,642)	\$ 51,698	(124.5)%

**Revenue**

For the year ended December 31, 2016, Revenue decreased \$325.3 million, or 30.2% to \$751.3 million compared with 2015, composed of an organic revenue decline of 30.1% and an unfavorable impact from foreign

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currency translation of 0.1%. This result was driven by significant declines in market fundamentals, especially with regard to U.S. rig count and end-customer capital spending. These reductions broadly impacted our segments. Customer pricing unfavorably impacted revenue by approximately 1.9% in 2016.

For the year ended December 31, 2016, U.S. revenue declined 30.8% compared with 2015, primarily as a result of a U.S. rig count decline of 48.0%, from 978 rigs in 2015 to 509 rigs in 2016. Non U.S. revenue declined 28.4% for the year ended December 31, 2016 compared with 2015 largely due to the decline in oil and gas prices leading to decreased exploration and production activities outside of the United States.

***Gross Profit***

For the year ended December 31, 2016, our Gross profit decreased \$142.5 million, or 37.2% to \$240.5 million compared with 2015, primarily due to the significant decline in organic sales volumes related to the decline in the oil and gas market. This decline was partially offset by supply chain cost containment initiatives, cost savings realized from restructuring programs, net of costs, and a decrease in depreciation and amortization costs of \$3.7 million. Gross profit margin declined 360 basis points primarily due to significant decline in sales volume combined with pricing weakness.

***Selling, General and Administrative Expenses***

For the year ended December 31, 2016, Selling, general and administrative expenses decreased \$43.5 million, or 14.8% to \$250.6 million compared with 2015 reflecting the impact of cost savings realized from restructuring programs and reduced discretionary spending, as well as a decrease in restructuring charges of \$6.4 million and depreciation and amortization costs of \$4.3 million. As a percentage of revenue, selling, general and administrative expenses increased 610 basis points in 2016 to 33.4%, as we were unable to reduce costs as rapidly as sales were declining due to overall market weakness.

***Other Expense, Net***

For the years ended December 31, 2016 and 2015, Other expense, net of \$8.8 million and \$11.7 million, respectively, included royalty expenses paid to Dover of \$7.4 million and \$10.4 million, respectively, for the use of patents and intangible assets owned by Dover. Patents and intangibles owned by Dover related to Wellsite will transfer to Wellsite upon separation. Upon separation, no further royalty charges are expected to be incurred by Wellsite from Dover. Other expense, net also included \$0.7 million of net foreign exchange losses for both 2016 and 2015 resulting from the re-measurement and settlement of foreign currency denominated balances including gains and losses on hedging activities.

***Income Taxes***

The effective tax rates for the years ended December 31, 2016 and 2015 were 42.7% and 31.2%, respectively. The 2016 tax rate increased from 2015 primarily due to the impact of foreign operations and domestic manufacturing deductions. See Note 10—Income Taxes in the Combined Financial Statements included elsewhere in this information statement for additional details.

***Net Earnings Attributable to Noncontrolling Interest***

For the year ended December 31, 2016, earnings attributable to noncontrolling interest increased \$0.4 million or 28.9% compared to prior year. This noncontrolling interest represents 40% of the net earnings attributable to an outside investor in a subsidiary company Norris Production Solutions Middle East LLC where



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we are the majority owner at 60% and have the controlling financial interest. Total earnings of this subsidiary increased due to an increase in revenues, as Norris Production Solutions Middle East LLC was not affected by the decline in oil prices in 2016 as a result of contractual pricing for some large customers.

***Net (Loss) Earnings Attributable to Company***

For the year ended December 31, 2016, net (loss) earnings attributable to the Company decreased \$64.3 million, or 124.5%, to a \$12.6 million net loss, compared with earnings of \$51.7 million, for the year ended December 31, 2015. This decrease is primarily driven by significantly lower volume attributable to deteriorating oil and gas related market conditions, partially offset by savings from restructuring actions of approximately \$60 million and decreases in restructuring charges of \$6.1 million and depreciation and amortization of \$7.9 million.

***Restructuring Activities***

The restructuring charges of \$15.2 million incurred in 2016 relate to restructuring programs designed to better align our operations with prevailing conditions through targeted facility consolidations, headcount reductions and other activities to further optimize operations.

The \$15.2 million of restructuring charges incurred during 2016 included the following programs:

- The Production & Automation Technologies segment incurred restructuring charges of \$12.8 million related to various programs across the segment focused on workforce reductions and targeted facility consolidations. These programs were initiated to better align the cost base with the significantly lower demand environment.
- The Drilling Technologies segment recorded \$2.4 million of restructuring charges relating to headcount reductions across various businesses to better align the cost base with the significantly lower demand environment.

In 2015, we incurred restructuring charges totaling \$21.2 million relating to targeted facility consolidations at certain businesses, headcount reductions and other actions taken to optimize our cost structure. See Note 8—Restructuring Activities in the Combined Financial Statements included elsewhere in this information statement for additional details regarding our recent restructuring activities.

The cost savings realized as a result of restructuring programs and other cost management actions previously initiated were approximately \$60 million and \$45 million during 2016 and 2015, respectively. The carryover benefits into 2017 related to 2016 restructuring actions are estimated to exceed \$17 million. The cost savings associated with these actions are reflected in Cost of goods and services and Selling, general and administrative expense in the Combined Statements of Earnings.

**SEGMENT RESULTS OF OPERATIONS**

Historically, Wellsite was part of the Dover Energy operating segment. As Wellsite is transitioning into a stand-alone company, Wellsite's Chief Executive Officer, its Chief Operating Decision Maker ("CODM"), evaluated how to view and measure its business performance. Based upon such evaluation, and effective during the fourth quarter of 2017, Wellsite determined it is organized into two operating segments, which are also its reportable segments based on how the CODM analyzes performance, allocates capital and makes strategic and operational decisions. The CODM allocates resources to and evaluates the financial performance of each operating segment primarily based on revenues and segment earnings. The 2016 and 2015 segment results have been presented in accordance with this new structure.

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The summary that follows provides a discussion of the results of operations of both reportable segments: Production & Automation Technologies and Drilling Technologies. See Note 15—Segment Information in the Combined Financial Statements for the years ended December 31, 2016 and 2015 included elsewhere in this information statement for a reconciliation of segment revenue and segment earnings to our combined results.

Adjusted segment EBITDA and adjusted segment EBITDA margin, which are presented in the segment discussion that follows, are non-GAAP measures and do not purport to be alternatives to operating income or segment earnings as measures of operating performance. We believe that these measures are useful to investors and other users of our financial information in evaluating ongoing operating profitability as they exclude the depreciation and amortization expense related primarily to capital expenditures and acquisitions that occurred in prior years and restructuring expense related primarily to exit costs and employee termination benefits. These measures are also useful in evaluating operating performance in relation to our peers. Adjusted segment EBITDA is calculated by adding back depreciation and amortization expense and restructuring charges to segment earnings, which is the most directly comparable GAAP measure and included in the tables below. Adjusted segment EBITDA margin is calculated as adjusted segment EBITDA divided by segment revenue. We do not present segment net income because corporate expenses are not allocated at a segment level. For further information, see “Non-GAAP Disclosures” at the end of MD&A.

**Production & Automation Technologies**

<i>(dollars in thousands)</i>	<u>Years Ended December 31,</u>		<u>% Change 2016 vs. 2015</u>
	<u>2016</u>	<u>2015</u>	
Revenue	\$638,017	\$ 912,383	(30.1)%
Segment (loss) earnings	(12,942)	66,839	(119.4)%
Depreciation and amortization (1)	\$ 99,607	\$ 103,612	(3.9)%
Restructuring charges (2)	\$ 12,757	\$ 18,750	(32.0)%
Adjusted segment EBITDA	\$ 99,422	\$ 189,201	(47.5)%
Adjusted segment EBITDA margin	15.6%	20.7%	
<b>Other measures:</b>			
Bookings	\$625,149	\$ 869,947	(28.1)%
Book-to-bill	0.98	0.95	3.2%
<b>Components of revenue decline:</b>			
Organic decline			(30.0)%
Foreign currency translation			(0.1)%
Total revenue decline			<u>(30.1)%</u>

- (1) Depreciation and amortization expense reported in: 1) Cost of goods and services was \$49.6 million and \$52.1 million for the years ended December 31, 2016 and 2015, respectively; and 2) Selling, general and administrative expenses was \$50.0 million and \$51.5 million for the years ended December 31, 2016 and 2015, respectively. Depreciation and amortization expense includes acquisition-related depreciation and amortization of \$60.0 million and \$63.2 million for the years ended December 31, 2016 and 2015, respectively.
- (2) Restructuring charges reported in: 1) Cost of goods and services was \$7.8 million and \$6.9 million for the years ended December 31, 2016 and 2015, respectively; and 2) Selling, general and administrative expenses was \$5.0 million and \$11.9 million for the years ended December 31, 2016 and 2015, respectively.

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**2016 Versus 2015**

Production & Automation Technologies segment revenue decreased for the year ended December 31, 2016, by \$274.4 million, or 30.1%, compared to the prior year, including an organic decline of 30.0%, and an unfavorable impact from foreign currency translation of 0.1%. This decline in revenue was the result of significantly lower demand from our customers as a result of the dramatic decrease in the price of oil and a decline of active drilling rigs and well completions in the U.S. and abroad due to global supply of oil and gas exceeding demand. Customer pricing unfavorably impacted revenue by approximately 1.9% in 2016.

Production & Automation Technologies segment loss for the year ended December 31, 2016 compared to prior year segment earnings decreased by \$79.8 million or 119.4%, primarily driven by a decline in sales volume due to deteriorating oil and gas markets. The decline was partially offset by the impact of cost savings realized from restructuring programs of approximately \$47 million as well as a reduction in depreciation and amortization expense of \$4.0 million and restructuring charges of \$6.0 million. Adjusted segment EBITDA for the year ended December 31, 2016 decreased by \$89.8 million or 47.5% compared to the prior year, primarily driven by a decline in sales volume due to deteriorating oil and gas markets, partially offset by the impact of cost savings realized from restructuring programs. Adjusted segment EBITDA margins decreased by 510 basis points to 15.6% compared to the prior year driven by significant decline in sales volume combined with weakness in pricing, partially offset by restructuring savings.

Bookings for the year ended December 31, 2016 decreased \$244.8 million, or 28.1%, compared to the prior year, reflecting ongoing market weakness. Segment book-to-bill was 0.98 in 2016, an increase of 3.2% compared to the prior year.

**Drilling Technologies**

<i>(dollars in thousands)</i>	<u>Years Ended December 31,</u>		<u>% Change</u>
	<u>2016</u>	<u>2015</u>	<u>2016 vs. 2015</u>
Revenue	\$ 113,320	\$ 164,297	(31.0)%
Segment earnings	12,946	31,133	(58.4)%
Depreciation and amortization (1)	\$ 12,448	\$ 16,380	(24.0)%
Restructuring charges (2)	\$ 2,405	\$ 2,480	(3.0)%
Adjusted segment EBITDA	\$ 27,799	\$ 49,993	(44.4)%
Adjusted segment EBITDA margin	24.5%	30.4%	
<b>Other measures:</b>			
Bookings	\$ 118,433	\$ 160,756	(26.3)%
Book-to-bill	1.05	0.98	7.1%
<b>Components of revenue decline:</b>			
Organic decline			(31.0)%
Total revenue decline			(31.0)%

(1) Depreciation and amortization expense reported in: 1) Cost of goods and services was \$11.9 million and \$13.0 million for the years ended December 31, 2016 and 2015, respectively; and 2) Selling, general and administrative expenses was \$0.6 million and \$3.4 million for the years ended December 31, 2016 and 2015, respectively. Depreciation and amortization expense includes acquisition-related depreciation and amortization of \$0.1 million and \$3.0 million for the years ended December 31, 2016 and 2015, respectively.

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- (2) Restructuring charges reported in: 1) Cost of goods and services was \$1.7 million and \$2.2 million for the years ended December 31, 2016 and 2015, respectively; and 2) Selling, general and administrative expenses was \$0.7 million and \$0.3 million for the years ended December 31, 2016 and 2015, respectively.

**2016 Versus 2015**

Drilling Technologies segment revenue for the year ended December 31, 2016 decreased \$51.0 million, or 31.0% compared to the prior year, driven by an organic decline of 31.0%. This decline in revenue was the result of significantly lower demand from our customers as a result of the dramatic decrease in the price of oil and a decline in active drilling rigs in the U.S. and abroad. Customer pricing did not have a significant impact to revenue for the year ended December 31, 2016.

Drilling Technologies segment earnings for the year ended December 31, 2016 decreased \$18.2 million, or 58.4% compared to the prior year primarily driven by declining sales volume. The decline was partially offset by the impact of cost savings realized from restructuring actions of approximately \$13 million as well as a reduction in depreciation and amortization expense of \$3.9 million. Adjusted segment EBITDA for the year ended December 31, 2016 decreased by \$22.2 million or 44.4% compared to the prior year, primarily driven by a decrease in sales volume, partially offset by the impact of cost savings realized from restructuring actions. Adjusted segment EBITDA margins decreased by 590 basis points to 24.5% compared to the prior year driven by a significant decline in sales volume, partially offset by restructuring savings.

Bookings for the year ended December 31 2016, decreased \$42.3 million or 26.3%, compared to the prior year, due to ongoing market weakness. Segment book-to-bill was 1.05 in 2016, an increase of 7.1% compared to the prior year.

**FINANCIAL CONDITION**

Historically, we have generated and expect to continue to generate positive cash flow from operations. In response to the unprecedented market conditions commencing in 2015 and continuing through most of 2016, we pursued a comprehensive contingency plan that aimed at managing short-term financial performance and preserving long-term competitive advantage. As part of this plan, we identified and preserved the core capabilities that will position us well for the recovery. We implemented aggressive restructuring actions aimed at facility and cost structure rationalization, including headcount reductions. Enterprise wide working capital reduction efforts were deployed specifically targeting inventory reductions and increases in supplier payment terms. Additionally, our global sourcing teams secured incremental material savings to lower product costs, while our operations teams drove incremental productivity gains within our factories. In parallel, we worked diligently to preserve key technology investments and customer relationships, as well as retention of key talent during this period. As a result of our efforts, we continued to generate positive cash from operating activities, and positive free cash flow (non-GAAP measure) in 2015 and 2016. Refer to “—Liquidity and Capital Resources—Free Cash Flow” for further details on this non-GAAP measure.

Subsequent to the separation, we will no longer participate in cash management and funding arrangements with Dover. Historically, we have utilized these arrangements to fund significant expenditures, such as manufacturing capacity expansion and acquisitions. Our ability to fund our operations and capital needs will depend on our ongoing ability to generate cash from operations and access capital markets. We believe that our future cash from operations and access to capital markets will provide adequate resources to fund working capital needs, pay dividends (if any), and make capital expenditures and strategic investments (if any). As a general matter, we intend to evaluate capital allocation decisions consistent with a goal to maintain a strong and flexible balance sheet, targeting appropriate leverage levels and maintaining sufficient liquidity throughout the industry cycle.

Our ability to make payments on and to refinance our indebtedness, including any third-party debt incurred in conjunction with the distribution, as well as any debt that we may incur after the distribution, will depend on

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our future ability to generate cash from operations, financings or asset sales, as well as the tax consequences of repatriating overseas cash. Our cash and cash equivalents totaled \$26.0 million and \$10.4 million at December 31, 2016 and 2015, respectively, which was held by our non-pooling, non-U.S. operations. Our U.S. cash was historically swept to Dover through intercompany advances and is not reflected on our Combined Balance Sheets. Norris Production Solutions Middle East LLC, where the Company is the majority owner at 60% and has the controlling financial interest, holds \$11.3 million and \$5.0 million of Wellsite's total cash and cash equivalents at December 31, 2016 and 2015, respectively. The funds are not formally segregated or legally restricted. Distributions are determined based upon simple majority vote and subject to customary statutory requirements. Wellsite is entitled to 60% of any approved distributions.

We have not provided for U.S. federal income taxes or tax benefits on the undistributed earnings of our international subsidiaries, totaling approximately \$140.0 million at December 31, 2016, because such earnings are permanently reinvested and it is currently intended that we will continue to be reinvested indefinitely. It is not practicable to estimate the amount of tax that might be payable if some or all of such earnings were to be repatriated, and the amount of foreign tax credits that would be available to reduce or eliminate the resulting U.S. income tax liability.

We generate cash flow in the U.S. primarily through ongoing product sales and we utilize cash in the U.S. primarily for expenses relating to operations and corporate functions, including management, administration and research and development. Wellsite has generated approximately \$105.9 million and \$186.8 million of cash flow from operating activities in the U.S. during the years ended December 31, 2016 and 2015, respectively, which has been sufficient to meet our domestic cash needs in each such year. This information is intended to assist the reader in assessing our U.S. liquidity. U.S. cash flow is defined as operating cash flow, generated within the U.S. which includes corporate expense allocations. We project that our cash generation within the U.S. for the foreseeable future will be self-sustaining to meet all estimated U.S. expenditures and, as such, we do not anticipate the need to repatriate earnings from our foreign subsidiaries to satisfy domestic cash needs, including the service of any third-party debt incurred in the United States.

### Cash Flow Summary

The following table is derived from our Combined Statements of Cash Flows:

Cash Flows from Continuing Operations (in thousands)	Years Ended December 31,	
	2016	2015
Net cash flows provided by (used in):		
Operating activities	\$128,580	\$ 207,903
Investing activities	(26,899)	(26,333)
Financing activities	(85,981)	(194,977)

### Operating Activities

Cash provided by operating activities for the year ended December 31, 2016 decreased \$79.3 million compared to 2015. This decrease was driven primarily by lower earnings of \$72.3 million, excluding depreciation and amortization, due to lower volumes from the deteriorating oil and gas related market conditions. The decrease was also driven by lower cash inflows from adjusted working capital of \$50.6 million primarily due to the aforementioned lower sales levels. These decreases were partially offset by lower cash outflows for employee incentives.

We believe adjusted working capital (a non-GAAP measure calculated as accounts receivable, plus inventory, less accounts payable) provides a meaningful measure of our operational results by showing changes

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caused by revenue or operational initiatives. Adjusted working capital decreased from December 31, 2015 by \$52.3 million, or 16.9%, to \$257.8 million at December 31, 2016, which reflected a decrease in receivables of \$30.5 million and a decrease in inventory of \$32.1 million, partially offset by a decrease in accounts payable of \$10.3 million.

***Investing Activities***

Cash used in investing activities results primarily from cash outflows for capital expenditures and the additions of intangible assets, partially offset by proceeds from the sale of property, plant and equipment.

*Capital spending:* Capital expenditures, primarily to support productivity and new product launches, were \$25.7 million in 2016 and \$24.2 million in 2015 or 3.4% and 2.2%, respectively, as a percentage of revenue. Our capital expenditures increased \$1.5 million in the 2016 period as compared to 2015, primarily within Production & Automation Technologies, to invest in facility expansion to accommodate reorganization and consolidation elsewhere in the business.

*Additions to intangible assets.* During the years ended December 31, 2016 and 2015, we acquired patents for \$3.7 million and \$10.0 million, respectively, from our parent company. We capitalized the patent costs in the Combined Balance Sheets and are amortizing them to the Combined Statements of Earnings based upon their estimated useful lives.

***Financing Activities***

Cash used in financing activities results primarily from using cash for net transfers to parent and the distribution to non-controlling interest. Transfers of cash to and from Dover are reflected as a component of Parent Company investment in Wellsite in the Combined Balance Sheets.

*Distribution to non-controlling interest:* During the year ended December 31, 2016, we made a distribution to our non-controlling interest holder in Norris Production Solutions Middle East LLC, a subsidiary company in the Sultanate of Oman, of approximately \$1.7 million, with no similar activity during the year ended December 31, 2015.

**Liquidity and Capital Resources**

***Free Cash Flow***

In addition to measuring our cash flow generation and usage based upon the operating, investing and financing classifications included in the Combined Statements of Cash Flows, we also measure free cash flow (a non-GAAP measure), which represents net cash provided by operating activities minus capital expenditures as set forth in the Combined Statements of Cash Flows plus the change in income taxes payable computed under the stand-alone return basis, which is classified within Parent Company investment in Wellsite and included in financing activities in the Combined Statements of Cash Flows. We believe that free cash flow is an important measure of liquidity because it provides management and investors a measurement of cash generated from operations that is available for mandatory payment obligations and investment opportunities, such as funding acquisitions (if any), paying dividends (if any), repaying debt and repurchasing our common stock. The change in income taxes payable classified within financing activities is included in the free cash flow calculation to be more representative of the tax cash flows for a stand-alone company. Actual stand-alone tax cash flows may differ from those in historical periods.

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The following table reconciles our free cash flow to cash flow provided by operating activities:

Free Cash Flow (dollars in thousands)	Years Ended December 31,	
	2016	2015
Cash flow provided by operating activities	\$128,580	\$ 207,903
Less: Capital expenditures	(25,725)	(24,217)
Add: Change in income taxes payable	(21,851)	(74,770)
Free cash flow	\$ 81,004	\$ 108,916
Free cash flow as a percentage of revenue	10.8%	10.1%

In 2016, we generated free cash flow of \$81.0 million, representing 10.8% of revenue. Free cash flow in 2015 was \$108.9 million or 10.1% of revenue. The full year decrease in free cash flow reflects lower earnings attributable to Company and higher capital expenditures as previously discussed.

**Off-Balance Sheet Arrangements and Contractual Obligations**

As of December 31, 2016 and 2015, we had approximately \$16.0 million and \$15.9 million, respectively, outstanding in letters of credit with financial institutions, which expire at various dates in 2017 through 2019. These letters of credit are primarily maintained as security for insurance, warranty and other performance obligations. In general, we would only be liable for the amount of these guarantees in the event of default in the performance of our obligations, the probability of which we believe is remote.

A summary of our combined contractual obligations and commitments as of December 31, 2016 and the years when these obligations are expected to be due is as follows:

(in thousands)	Total	Payments Due by Period			
		Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Rental commitments (1)	42,226	11,088	17,968	10,865	2,305
Purchase obligations (1)	28,568	27,826	742	—	—
Capital leases	2,306	1,551	755	—	—
Supplemental and post-retirement benefits (2)	16,028	2,307	4,132	3,490	6,099
<b>Total obligations</b>	<b>\$89,128</b>	<b>\$42,772</b>	<b>\$23,597</b>	<b>\$14,355</b>	<b>\$ 8,404</b>

- (1) Represents off-balance sheet commitments and obligations for rental commitments related to operating leases and purchase obligations related to open purchase orders with our vendors.
- (2) Amounts represent estimated benefit payments under our unfunded defined benefit plans. See Note 13 to the Combined Financial Statements included elsewhere in this information statement for additional information.

**Subsequent Events**

We evaluated subsequent events through December 4, 2017. On October 2, 2017, we acquired 100% of the stock of PCP Oil Tools S.A. and Ener Tools S.A., a supplier of progressive cavity pump products and services, for \$10.5 million in cash. This acquisition will become part of the Production & Automation Technologies segment and will broaden our ability to supply Argentina with additional products to customers. At December 4, 2017, the initial purchase price allocation was not complete for this acquisition.

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### **Risk Management**

We are exposed to certain market risks which exist as part of our ongoing business operations, including price volatility for certain commodities, the dependence on key customers, and changes in currency exchange rates. We do not engage in speculative or leveraged transactions and do not hold or issue financial instruments for trading purposes.

### ***Commodity Price Exposure***

We use a wide variety of raw materials, primarily metals and semi-processed or finished components, which are generally available from a number of sources. While the required raw materials are generally available, commodity pricing for metals, such as nickel, chrome, molybdenum, vanadium, manganese and steel scrap, fluctuate with the market. As a result, our operating results are exposed to market price fluctuations. Although some cost increases may be recovered through increased prices to customers if commodity prices trend upward, we attempt to control such costs through fixed-price contracts with suppliers and various other programs, such as our global supply chain activities.

### ***Dependence on Key Customers; Concentration of Credit***

The loss of any key customer and our inability to replace revenues provided by a key customer may have a material adverse effect on our business and financial condition. For the years ended December 31, 2016 and 2015, there were no customers that accounted for more than 10% of total revenues. If a key customer fails to meet payment obligations, our operating results and financial condition could be adversely affected.

### ***Foreign Currency Exposure***

We conduct business through our subsidiaries in different countries, and fluctuations in currency exchange rates could have a significant impact on the reported results of operations, which are presented in U.S. dollars. Cross-border transactions, both with external parties and intercompany relationships, result in increased exposure to foreign exchange effects. Accordingly, significant changes in currency exchange rates, particularly the Canadian Dollar, the Australian Dollar and the Colombian Peso, could cause fluctuations and negative impacts in the reported results of operations.

In addition, sales and expenses of our non-U.S. businesses are also translated into U.S. dollars for reporting purposes and the strengthening or weakening of the U.S. dollar could result in unfavorable translation effects.

### **Critical Accounting Policies**

#### **Critical Accounting Policies and Estimates**

Our Combined Financial Statements and related public financial information are based on the application of GAAP. GAAP requires the use of estimates, assumptions, judgments and subjective interpretations of accounting principles that have an impact on the assets, liabilities, revenue and expense amounts we report. These estimates can also affect supplemental information contained in our public disclosures, including information regarding contingencies, risk and our financial condition. The significant accounting policies used in the preparation of our Combined Financial Statements are discussed in Note 2 — Summary of Significant Accounting Policies to the Combined Financial Statements included elsewhere in this information statement. The accounting assumptions and estimates discussed in the section below are those that we consider most critical to an understanding of our financial statements because they inherently involve significant judgments and estimates. We believe our use of estimates and underlying accounting assumptions conforms to GAAP and is consistently applied. We review valuations based on estimates for reasonableness on a consistent basis.



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**Revenue Recognition**—Revenue is recognized when all of the following conditions are satisfied: a) persuasive evidence of an arrangement exists, b) price is fixed or determinable, c) collectability is reasonably assured and d) delivery has occurred or services have been rendered. The majority of our revenue is generated through the manufacture and sale of a broad range of specialized products and components, with revenue recognized upon transfer of title and risk of loss, which is generally upon shipment. Certain product sales are recognized based on the percentage-of-completion method, which is based on the estimated costs to completion and represented 2.5% and 2.2% of total revenue for the years ended December 31, 2016 and 2015, respectively. When necessary, provisions for estimated losses on these contracts are made in the period in which such losses are determined. We derive product revenue from the sale of software standalone products and software-enabled tangible products, which in aggregate represented 8.7% of total revenue for both the years ended December 31, 2016 and 2015. Software product revenue is recorded when the software product is shipped to the customer or over the term of the contract. Service revenue represented 6.8% and 5.2% of our total revenue for the years ended December 31, 2016 and 2015, respectively and is recognized as the services are performed. Leasing revenue represented 2.7% and 2.6% of our total revenue for the years ended December 31, 2016 and 2015, respectively. Lease revenue is recognized ratably over the lease term and the leased asset is included in property, plant and equipment and depreciated to its estimated residual value over the lease term.

In limited cases, our revenue arrangements with customers require delivery, installation, testing or other acceptance provisions to be satisfied before revenue is recognized. We include shipping costs billed to customers in revenue and the related shipping costs in cost of goods and services.

**Inventories**—Inventories for the majority of our subsidiaries, including all international subsidiaries, are stated at the lower of cost, determined on the first-in, first-out (FIFO) basis, or market. Other domestic inventories are stated at cost, determined on the last-in, first-out (LIFO) basis, which is less than market value. Under certain market conditions, estimates and judgments regarding the valuation of inventories are employed by us to properly value inventories.

**Goodwill and Other Intangible Assets**—We have significant goodwill and intangible assets on our balance sheet as a result of past acquisitions. The valuation and classification of these assets and the assignment of useful lives involve significant judgments and the use of estimates. In addition, the testing of goodwill and intangibles for impairment requires significant use of judgment and assumptions, particularly as it relates to the determination of fair market value. Our indefinite-lived intangible assets and reporting units are tested and reviewed for impairment on an annual basis during the fourth quarter, or more frequently when indicators of impairment exist.

Historically the Company was part of the Dover Energy operating segment. We performed the annual goodwill impairment test for the Combined Financial Statements using our two historical reporting units within Dover Energy: (i) Drilling and Production, excluding a business component that will be retained by Dover (“D&P”); and (ii) Dover Energy Automation (“DEA”) as of October 1, 2016 and 2015. Beginning in the fourth quarter of 2017, we will also perform the annual goodwill impairment testing based upon the new segment structure discussed in “—Segment Results of Operations”. When performing an impairment test, we estimate fair value using the income approach. Under the income approach, fair value is determined based on the present value of estimated future cash flows, discounted at an appropriate risk-adjusted rate. We use our internal forecasts to estimate future cash flows and include an estimate of long-term future growth rate based on our most recent views of the long-term outlook for each reporting unit. Actual results may differ from these estimates. The discount rates used in these analyses vary by reporting unit and are based on a capital asset pricing model and published relevant industry rates. We use discount rates commensurate with the risks and uncertainties inherent to each reporting unit and in our internally developed forecasts. Discount rates used in our 2016 and 2015 valuations, excluding a business component that will be retained by Dover, were 10.5% and 11.0%, respectively.

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Based on the impairment tests performed, the fair value of our reporting units exceeded their carrying value. As such, no goodwill impairment was recognized. The goodwill balances for the D&P reporting unit were \$731.2 million and \$730.7 million as of October 1, 2016 and 2015, respectively. The goodwill balance for the DEA reporting unit was \$172.5 million as of both October 1, 2016 and 2015. We experienced an overall decline in demand due to lower oil prices and the resulting economic pressures within the oil and gas industry, resulting in lower estimated cash flows. However, in the second half of 2016, U.S. rig count and oil prices began to increase sequentially, which led to improvement compared to 2015. The D&P and DEA reporting units had fair values in excess of their carrying values of 21% and 54% in 2016, respectively, and 20% and 36% in 2015, respectively. While we believe the assumptions used in the impairment analyses are reasonable and representative of expected results, if market conditions worsen or persist for an extended period of time, an impairment of goodwill or assets may occur. We will continue to monitor the long-term outlook and forecasts, including estimated future cash flows, for these businesses and the impact on the carrying value of goodwill and assets.

**Employee Benefit Plans**—Dover provides a defined benefit pension plan for its eligible U.S. employees and retirees. This plan was closed to new participants effective December 31, 2013. All pension-eligible employees as of December 31, 2013 continue to earn a pension benefit through December 31, 2023 as long as they remain employed by an operating company participating in the plan. As of the spin-off date, Wellsite participants in this plan (other than Norris USW participants) will no longer accrue benefits. The portion of our liability associated with this U.S. plan is not reflected in our Combined Balance Sheets and will not be recorded at the distribution date as this obligation will be maintained and serviced by Dover. Norris USW participants will be moved to a new pension plan, and will continue to accrue benefits at Dover pre-spin-off and Wellsite post-spin-off. In addition, Wellsite will not assume any funding requirements or obligations related to the defined benefit pension plan upon the distribution date.

Dover also provides a defined benefit pension plan for its eligible salaried non-U.S. employees and retirees in Canada. As this obligation is being maintained and serviced by Dover, the portion of our liability associated with this non-U.S. plan is not reflected in the Combined Balance Sheets. This plan will be transferred to Wellsite at the distribution date and will be recorded at that point. As of the spin-off date, all non-Wellsite participants in this plan will no longer accrue benefits.

Dover also provides to certain U.S. management employees, through non-qualified plans, supplemental retirement benefits in excess of qualified plan limits imposed by federal tax law. Shortly before the spin-off date, Wellsite participants in these non-qualified plans will no longer accrue benefits. The benefit obligation attributable to our employees for these non-qualified plans will be reflected in our Combined Balance Sheets as of the distribution date.

The Company also provides one defined benefit plan for certain hourly non-U.S. employees and retirees in Canada. The plan is closed to new participants; however, all active participants in this plan continue to accrue benefits. The plan is considered a direct obligation of the Company and has been recorded within the Combined Financial Statements.

The Company sponsors non-qualified plans covering certain employees and retirees of the Company. The plans provide supplemental retirement benefits in excess of qualified plan limits imposed by federal tax law. These plans are closed to new hires and all benefits under the plans are frozen. These plans are considered direct obligations of the Company and have been recorded within the Combined Financial Statements.

The valuation of our pension and other post-retirement plans requires the use of assumptions and estimates that are used to develop actuarial valuations of expenses and assets/liabilities. Inherent in these valuations are key

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assumptions, including discount rates, investment returns, projected salary increases and benefits and mortality rates. Annually, we review the actuarial assumptions used in our pension reporting and compare them with external benchmarks to ensure that they accurately account for our future pension obligations. Changes in assumptions and future investment returns could potentially have a material impact on our pension expense and related funding requirements. Our expected long-term rate of return on plan assets is reviewed annually based on actual returns, economic trends and portfolio allocation. Our discount rate assumption is determined by developing a yield curve based on high quality corporate bonds with maturities matching the plans' expected benefit payment streams. The plans' expected cash flows are then discounted by the resulting year-by-year spot rates. As disclosed in Note 13—Employee Benefit Plans to the Combined Financial Statements included elsewhere in this information statement, the 2016 weighted-average discount rate used to measure our qualified defined benefit was 3.75%, a decrease from the 2015 discount rate of 4.00%. The lower 2016 discount rate is reflective of decreased market interest rates over this period. A 25 basis point decrease in the discount rate used for this plan would not have a material impact to the post-retirement benefit obligations from the amount recorded in the financial statements at December 31, 2016. Our pension expense is also sensitive to changes in the expected long-term rate of return on plan assets.

**Income Taxes**—For purposes of the historical Combined Financial Statements, the Company's income tax expense and deferred tax balances have been estimated as if we filed income tax returns on a stand-alone basis separate from Dover. Income taxes payable at each balance sheet date computed under the stand-alone return basis are classified within Parent Company investment in Wellsite since Dover is legally liable for the tax. Accordingly, changes in income taxes payable are recorded as a component of financing activities in the Combined Statements of Cash Flows. As a stand-alone entity, our deferred taxes and effective tax rate may differ from those of Dover in the historical periods.

We record a provision for income taxes for the anticipated tax consequences of the reported results of operations using the asset and liability method. Under this method, we recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, as well as for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to taxable income for the years in which those tax assets and liabilities are expected to be realized or settled. A valuation allowance is recorded to reduce deferred tax assets to the net amount that is more likely than not to be realized.

We review deferred tax assets for recoverability at each reporting period. These assets are evaluated by using estimates of future taxable income streams and the impact of tax planning strategies. The need for reserves are evaluated, using more likely than not criteria, for ongoing audits regarding federal, state and international issues that are currently unresolved. We routinely monitor the potential impact of these situations and there are no reserves recorded for uncertain tax positions for Wellsite. Reserves related to tax accruals and valuations related to deferred tax assets can be impacted by changes in tax codes and rulings, changes in statutory tax rates and our future taxable income levels. The provision for uncertain tax positions provides a recognition threshold and measurement attribute for financial statement tax benefits taken or expected to be taken in a tax return and disclosure requirements regarding uncertainties in income tax positions. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. It is our policy to record interest and penalties related to unrecognized tax benefits as a component of our provision for income taxes.

We have not provided for any residual U.S. income taxes on the unremitted earnings of non-U.S. subsidiaries as such earnings are currently intended to be indefinitely reinvested outside the U.S. It is not practicable to estimate the amount of tax that might be payable if some or all of such earnings were to be repatriated, or the amount of foreign tax credits that would be available to reduce or eliminate the resulting U.S. income tax liability.

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**Contingencies**—We have established liabilities for environmental and legal contingencies at both the business and corporate levels. A significant amount of judgment and the use of estimates are required to quantify our ultimate exposure in these matters. The liability balances are adjusted to account for changes in circumstances for ongoing issues and the establishment of additional liabilities for emerging issues. While we believe that the amount accrued to-date is adequate, future changes in circumstances could impact these determinations.

**Restructuring**—We establish liabilities for restructuring activities at an operation when management has committed to an exit or reorganization plan and when termination benefits are probable and can be reasonably estimated based on circumstances at the time the restructuring plan is approved by management or when termination benefits are communicated. Exit costs include future minimum lease payments on vacated facilities and other contractual terminations. In addition, asset impairments may be recorded as a result of an approved restructuring plan. The accrual of both severance and exit costs requires the use of estimates. Though we believe that these estimates accurately reflect the anticipated costs, actual results may be different than the estimated amounts.

**Stock-Based Compensation**—Our employees have historically participated in Dover’s stock-based compensation plans. Stock-based compensation has been allocated to Wellsite based on the awards and terms previously granted to our employees. The principal awards issued under the stock-based compensation plans include stock options, stock-settled stock appreciation rights (“SSARs”), restricted stock units and performance share awards. The cost for such awards is measured at the grant date based on the fair value of the award. The value of the portion of the award that is expected to ultimately vest is recognized as expense on a straight-line basis, generally over the explicit service period of three years (except for retirement-eligible employees and retirees) and is included in Selling, general and administrative expenses in the Combined Statements of Earnings. Expense for awards granted to retirement-eligible employees is recorded over the period from the date of grant through the date the employee first becomes eligible to retire and is no longer required to provide service.

We use the Black-Scholes valuation model to estimate the fair value of SSARs and stock options granted to employees. The model requires that we estimate the expected life of the SSAR or option, expected forfeitures and the volatility of Dover’s stock using historical data. See Note 11—Equity and Cash Incentive Program for additional information related to our stock-based compensation.

**Recent Accounting Pronouncements**—See Note 2—Summary of Significant Accounting Policies to our Combined Financial Statements included elsewhere in this information statement for a discussion of recent accounting pronouncements and recently adopted accounting standards.

**Non-GAAP Disclosures**

In an effort to provide investors with additional information regarding our results as determined by GAAP, we also disclose non-GAAP information that we believe provides useful information to investors. Adjusted segment EBITDA, adjusted segment EBITDA margin, free cash flow, adjusted working capital and organic revenue growth are not financial measures under GAAP and should not be considered as a substitute for cash flows from operating activities, working capital or revenue as determined in accordance with GAAP, and they may not be comparable to similarly titled measures reported by other companies. We believe that adjusted segment EBITDA and adjusted segment EBITDA margin are useful to investors and other users of our financial information in evaluating ongoing operating profitability as they exclude the depreciation and amortization expense related primarily to capital expenditures and acquisitions that occurred in prior years and restructuring expense related primarily to exit costs and employee termination benefits. This measure is also useful in evaluating operating performance in relation to our peers. Adjusted segment EBITDA is calculated by adding

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back depreciation and amortization expense and restructuring charges to segment earnings, which is the most directly comparable GAAP measure. Adjusted segment EBITDA margin is calculated as adjusted segment EBITDA divided by segment revenue. We do not present segment net income because corporate expenses are not allocated at a segment level.

We believe free cash flow is an important measure of liquidity. Free cash flow provides both management and investors a measurement of cash generated from operations that is available to fund acquisitions. The definition and reconciliations of free cash flow can be found above in MD&A. We believe that reporting adjusted working capital, which is calculated as accounts receivable, plus inventory, less accounts payable, provides a meaningful measure of our operational results by showing the changes caused by revenue or operational initiatives. We believe that reporting organic revenue and organic revenue growth, which exclude the impact of foreign currency exchange rates and the impact of acquisitions and divestitures, provides a useful comparison of our revenue performance and trends between periods.

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## **BUSINESS**

### **Overview**

Wellsite is a leading provider of highly engineered technologies that help companies drill for and produce oil and gas efficiently and safely around the world. Our products include a full range of equipment and technologies that enable efficient drilling and safe and efficient production throughout the lifecycle of a well. Our principal products consist of artificial lift equipment and solutions, including ESP, Rod Lift, gas lift systems, PCP and plunger lift systems, as well as PDCs for drilling. We also provide a comprehensive automation offering consisting of equipment, software and IIoT solutions for downhole monitoring, wellsite productivity enhancement and asset integrity management. Our expansive automation offering includes quartz pressure transducers and hybrid electronics, artificial lift controllers and optimization software, monitoring and predictive diagnostic instruments and software for reciprocating machinery. Our products and technologies enhance our customers' drilling and production economics.

Wellsite's products are used by a broad spectrum of customers in the global oil and gas industry, including national oil and gas companies, large integrated and independent oil and gas companies, all of the major oilfield equipment and services providers, and pipeline companies. We compete across major oil and gas markets globally with a particular strength in the North American onshore market. Our products are particularly well suited for unconventional/shale oil and gas markets. While our products are used in both the oil and gas markets, over 75% of our revenues come from oil markets.

The quality, innovative technology and performance of our technologies drive improved cost-effectiveness, productivity, efficiency and safety for our customers. We believe our strong market share in our core markets and our long-term customer relationships are due to our focus on technological advancement, product reliability and our commitment to superior customer service across the organization. Our long-term customer relationships and the consumable nature of many of our products also enable us to benefit from recurring revenues throughout the lifecycle of a producing well. We believe we are also differentiated from competitors through our proven business model focused on high customer intimacy, innovative technology and application engineering.

### **History and Development**

Wellsite is currently a part of the Energy segment within Dover, a global, diversified industrial manufacturer. Wellsite has a long history of innovation across these businesses and our heritage in the oil field equipment industry extends over 60 years. During this time, Wellsite has been expanded through a series of strategic acquisitions of well-known businesses and brands as well as internal growth initiatives. Key acquisitions that built our artificial lift platform include Harbison-Fischer, Accelerated, Wellmark, PCS Ferguson (f/k/a Production Controls Services, Inc.) and Oil Lift Technology. Our leading PDC business was created through the acquisition of US Synthetic. Over this time, Wellsite has developed experience as an effective operator as well as a successful integrator of businesses.

### **Our Industry**

We principally operate in the oil and gas drilling and production industry and provide a broad range of technologies and products that enhance oilfield efficiency, improve productivity, maximize reserve recovery and increase asset value. Demand for our products is impacted by overall global demand for oil and gas, which is expected to benefit from a variety of long-term fundamental trends.

According to the EIA International Energy Outlook, global economic expansion, coupled with a growing population, will help drive up global energy consumption by about 41% by the year 2050. The majority of this

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growth is forecast to come from China, India and other Asian nations. Increasing urbanization and a significant expansion of the middle class globally is expected to contribute to higher personal and commercial transportation needs, rising electricity in homes and greater industrial energy demand. For these reasons, the EIA International Energy Outlook projects that demand for petroleum and other liquid fuels will grow by 28% from 2015 through 2050, while demand for natural gas will increase by 69% and natural gas will overtake coal as the world's second largest fuel source during this period.

As new technology has unlocked resources previously considered too costly to produce, unconventional oil and natural gas reservoirs, particularly in the United States, have become a larger part of the global energy supply landscape. Technological developments in horizontal drilling and hydraulic fracturing have enabled E&P companies to access the vast hydrocarbon reserves contained in the unconventional oil and natural gas reservoirs of the United States. In addition, North America is expected to become the largest LNG exporter due to growing demand for LNG from Asia and Europe. As a result, the United States, an oil importer for decades, is on pace to become a net exporter of oil in the near-term.

The oil and gas industry has traditionally been volatile and is influenced by long-term, short-term and cyclical trends, including oil and gas supply and demand, current and projected oil and gas prices, and the level of upstream spending by E&P companies. As a result, demand for our technologies and products depends primarily upon the level of expenditures by our customers in the oil and natural gas industry, particularly those within the United States. A rapid increase in supply over a seven year period from 2008 to 2015 contributed to a decline in oil and gas prices and reduced customer spending levels from year-end 2014 through 2016. In November 2016, May 2017 and November 2017, certain oil producing nations and OPEC agreed to limit production of crude oil with the goal of raising oil prices. The agreement has been extended most recently through the end of 2018. Oil prices have rebounded meaningfully in 2017 and have begun to stabilize, resulting in an increase in our customers' spending and demand for Wellsite's technologies and products. Although there remains a risk that oil prices and activity levels could deteriorate from current levels, we believe that the outlook for our businesses over the long-term is favorable. Increasing global demand for oil and gas as well as continued depletion of existing reservoirs will drive continued investment in the drilling and completion of new wells. In addition, productivity and efficiency are becoming increasingly important in the oil and gas industry as operators focus on improving per-well economics, driven by a flattening of the WTI forward price curve, and the North American onshore oil and gas industry moving from an exploration phase into a more mature production phase.

Technology has become increasingly critical to oil and natural gas producers as a result of the maturity of the world's oil and natural gas reservoirs, the acceleration of production decline, the focus on complex well designs and the oil and gas industry's aging workforce. While the aggregate number of wells drilled per year has fluctuated relative to market conditions, E&P companies, on a proportional basis, have increased expenditures on technology in an effort to improve reservoir performance, increase oil and gas recovery and lower the cost per barrel produced over the life of a well. Our customers continue to seek, test and use production-enabling technologies at an increasing rate. We have invested substantially in building our technology offerings, which help us to provide more efficient tools and solutions to produce oil and natural gas. Wellsite's portfolio of data collection, automation, and remote monitoring solutions are intended to improve reliability and drive down costs. We believe our efficiency enhancing products contribute to a reduction in the breakeven cost of unconventional development for our E&P customers. We believe our business will benefit as operators increasingly focus on optimizing production and improving per-well economics.

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**Business Segments**

Our business is organized into two reportable segments: Production & Automation Technologies and Drilling Technologies. The following chart provides an overview of our two segments.

<b>Wellsite Segments</b>				
	<b>Production &amp; Automation Technologies</b>			<b>Drilling Technologies</b>
	<b>Artificial Lift Technologies</b>	<b>Automation Technologies</b>	<b>Other Production Equipment</b>	<b>Drilling Technologies</b>
<b>2016 Sales</b>	<b>\$638m</b>			<b>\$113m</b>
<b>Our Brands</b>				
<b>Illustrative Products</b>	<p>Electrical Submersible Pumping</p>	<p>Rod Lift</p>	<p>Progressive Cavity Pumping</p>	<p>Diamond Drill Bit Inserts</p>
	<p>Plunger Lift</p>	<p>Hydraulic &amp; Jet Lift Systems</p>	<p>Wellhead Production Equipment</p>	<p>Diamond Thrust, Rackal, and Combination Bearings</p>
	<p>Wellsite Automation &amp; Optimization</p>	<p>Asset Reliability Monitoring &amp; Management</p>	<p>Chemical Injection &amp; Management</p>	

**Production & Automation Technologies**

Our Production & Automation Technologies segment generated revenues of \$638.0 million in 2016, representing 85% of our total 2016 revenues. Production & Automation Technologies facilitates the efficient, safe and cost effective extraction of oil and gas. We design, manufacture, market and service a full range of artificial lift equipment and automation solutions, as well as other production equipment. A portion of Production & Automation Technologies revenue is derived from activity-based consumable products, as customers routinely replace items such as sucker rods, plunger lifts and pump parts. We believe that the combination of our artificial lift equipment and our end-to-end proprietary automation solutions helps oil and gas operators lower production costs and optimize well efficiency by enabling them to monitor, predict and optimize performance. Our products are sold under a collection of premier brands, which we believe are recognized by customers as leaders in their market spaces, including Harbison-Fischer, Norris, Alberta Oil Tool, Oil Lift Technology, PCS Ferguson, Pro-Rod, Upco, Accelerated, Norriseal-Wellmark, Quartzdyne, Spirit, Theta, Timberline and Windrock.



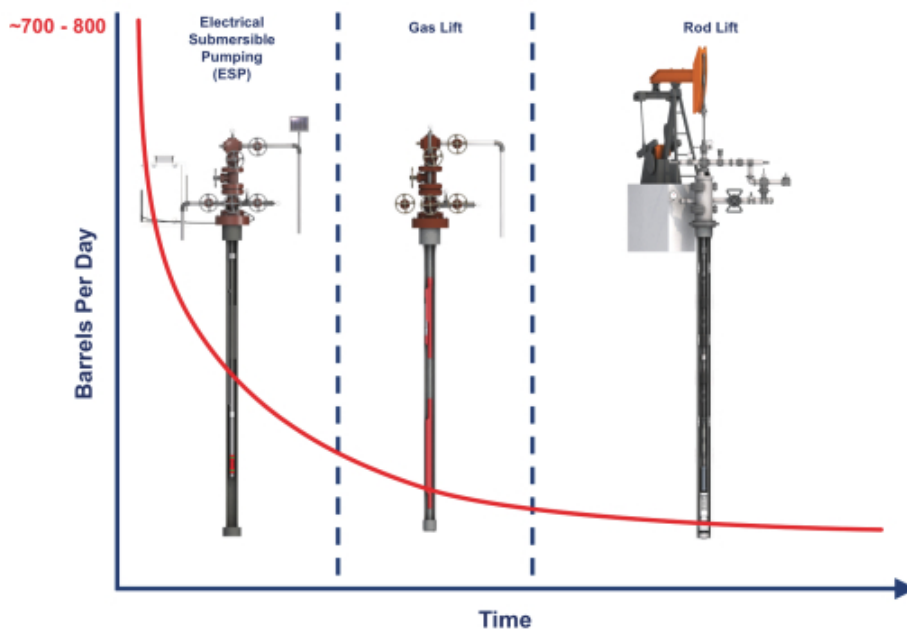
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Within our Production & Automation Technologies segment, we offer artificial lift technologies, automation technologies and other production equipment.

### Artificial Lift Technologies

We believe artificial lift equipment is mission-critical to oil and gas operators as a means to increase pressure within the reservoir and improve oil and gas production. Artificial lift is a key technology for increasing oil and gas production throughout the lifecycle of a producing well and is therefore directly linked to operator economics. Wellsite offers a full suite of artificial lift solutions to meet the varying needs of operators as oil production volume levels decline over the lifecycle of a producing well, as demonstrated in the figure below. Wellsite's comprehensive offering provides our customers with cost effective solutions tailored to a well's specific characteristics and production volumes. Wellsite is particularly strong within key U.S. basins where artificial lift technologies are prevalent. According to Spears, the U.S. is the world's largest lift market, followed by Canada, and artificial lift technologies are used in approximately 95% of all producing wells in North America. We believe that our offerings also have significant international potential, as production rates continue to decline in existing wells in regions such as the Middle East, South America and Eastern Europe. Our artificial lift technologies represented approximately 78% of our Production & Automation Technologies segment revenues in 2016.

**Artificial Lift: Life of Well Solutions**  
*Full portfolio of artificial lift technologies to drive productivity through life of well*



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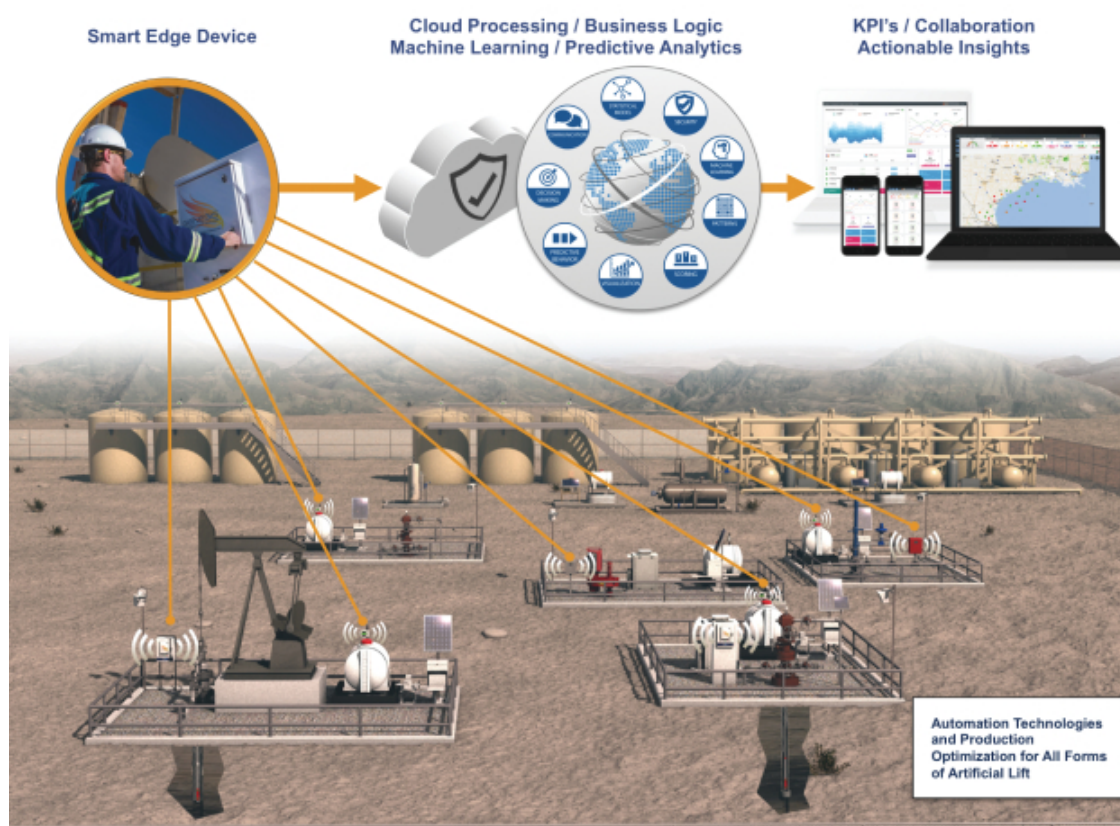
Key products included in our Artificial Lift Technologies offering include:

- **ESP:** Our ESPs are fully integrated and customizable ESP systems that are used during the earlier stages of production when barrels per day volume is at its highest level. Wellsite's ESP products include centrifugal pumps, gas handling devices, motors, controls and digital solutions to monitor and optimize ESP performance.
- **Gas Lift:** Gas lift is a method of artificial lift that involves injecting high pressure gas to lift oil from the wells. Gas lift is a preferred artificial lift for deviated wells and wells characterized by large amounts of sand or solid materials. Wellsite has been delivering innovative and flexible gas lift solutions to our customers for more than 30 years. Our software takes into account the well complexity and production characteristics of the well to deliver the best gas lift solution for each well.
- **Rod Lift:** As well production extends beyond the initial years, operators typically begin to employ a Rod Lift extraction solution. Wellsite's Rod Lift solutions include standard and fit-for-purpose sucker rods and accessories as well as a full range of downhole pumps that address all rod pumping applications. We believe Rod Lift is one of the more prevalent lift solutions employed in wells in the United States and globally. Our Rod Lift business provides for significant recurring revenue as sucker rods, pumps and accessories are replaced with use.
- **PCP (Progressive Cavity Pump), Plunger, Hydraulic and Jet Lift Systems:** Wellsite also offers a full range of PCP solutions including top drives, high performance pumps, drive rods and controls; a broad range of plunger lift systems including surface, downhole equipment and controllers; and a full range of hydraulic and jet lift systems including jet pumps, hydraulic reciprocating pumps, surface multiplex pumps and automation controllers. These solutions are typically used in wells that have been producing for multiple years and are essential for increasing productivity at lower production volumes.

*Automation Technologies*

Our proprietary automation solutions are aimed at creating an end-to-end production optimization platform that enables oil and gas operators to monitor, predict and optimize well performance and drive improved return on investment during the production process. Wellsite is a leading provider of productivity tools and performance management software for artificial lift and asset integrity management. Our software has modular architecture that enables specific solutions to be tailored to meet exact customer needs. Real-time data is used by our customers to drive decisions, enhance well servicing and obtain an accurate picture of the well's functioning over time, resulting in a more connected, digital wellsite that not only operates more efficiently but is also safer and more secure. Our automation technologies represented approximately 10% of our Production & Automation Technologies segment revenues in 2016.

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Automation solutions touch multiple parts of the wellsite and allow an operator centralized monitoring and control. Smart instrumentation and hardware at the wellsite have sensing capabilities that allow the capture of data. Once captured, that data is communicated to a cloud based IIoT infrastructure platform where it can be analyzed and used to drive insights for customers. We believe that the combination of Wellsite's automation technologies and its strong artificial lift presence enables Wellsite to drive the continued adoption of automation technologies by its customers. Wellsite sees automation adoption as a key secular trend in the oil and gas industry, particularly in the current lower oil price environment where operators are focused on lowering the cost per barrel produced over the lifecycle of a well.

Automation technologies bring together multiple layers of equipment, sensors and software. A site may employ a full-scale solution (e.g., a fully connected wellsite using Wellsite equipment and software) or a more application specific solution (e.g., a controller used for diagnostics on an ESP lift). Technologies included in Wellsite's Automation Technologies offering include:

- **Wellsite Automation Controllers and Digital Solutions:** Controllers for artificial lift solutions and end-to-end digital solutions, including proprietary cloud-based software, to monitor and optimize artificial lift and production. Software is sold on a subscription based model and can be tailored to the breadth of solution the customer is seeking.

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- **Downhole Monitoring, Logging and Management:** Quartz pressure transducers and smart downhole tools for measuring, monitoring and logging downhole well conditions to improve well productivity.
- **Asset Integrity Management Solutions:** End-to-End digital IIoT Solutions and portable analyzers to monitor, predict, and optimize health and performance of reciprocating compressors and engines used in wellsites, pipelines, refineries and chemical plants.

*Other Production Equipment*

Wellsite also offers other production equipment including chemical injection systems, flow control valves, oil and water separation, gas conditioning, process heating and pressure vessel products. These products are complementary to our artificial lift and automation technologies offerings and are used by customers in the production of oil and gas. Wellsite's other production equipment allows Wellsite to build its share of customers' wallets and enhances our ability to cross-sell products across the production equipment portfolio. Our other production equipment represented approximately 12% of our Production & Automation Technologies segment revenues in 2016.

As of December 31, 2016, our Production & Automation Technologies segment operated 18 manufacturing facilities in North America, Australia, Colombia and Oman as well as 118 sales and service facilities in North America.

***Drilling Technologies***

Our Drilling Technologies segment generated revenues of \$113.3 million in 2016, representing 15% of our total 2016 revenues. In operation for over 30 years, Drilling Technologies provides highly specialized products used in drilling oil and gas wells. We design, manufacture and market PDCs for use in oil and gas drill bits under the US Synthetic brand. Our proprietary PDCs are based on years of innovation and intellectual property development in material science applications including the production of highly stable synthetic diamonds, known as "polycrystalline diamonds." US Synthetic has historically filed new patents at a rate of over 50 patents per year and has previously received the prestigious Shingo Prize for operational excellence. We believe our highly engineered PDCs are distinguished by their quality, rate of penetration and longevity. PDCs are a relatively small cost to the oil and gas operator in the context of overall drilling costs, but are critical to successful drilling. As a result, we believe our customers value the quality and performance of US Synthetic PDCs over less expensive alternatives because a lower quality PDC can cause unnecessary and expensive drilling delays. Over 95% of our PDCs are custom designed to meet unique customer requirements and are finished to exact customer specification to ensure optimal performance. PDCs are utilized in both vertical and horizontal drilling and need to be replaced as they wear out during the drilling process.

Key products of our Drilling Technologies segment include:

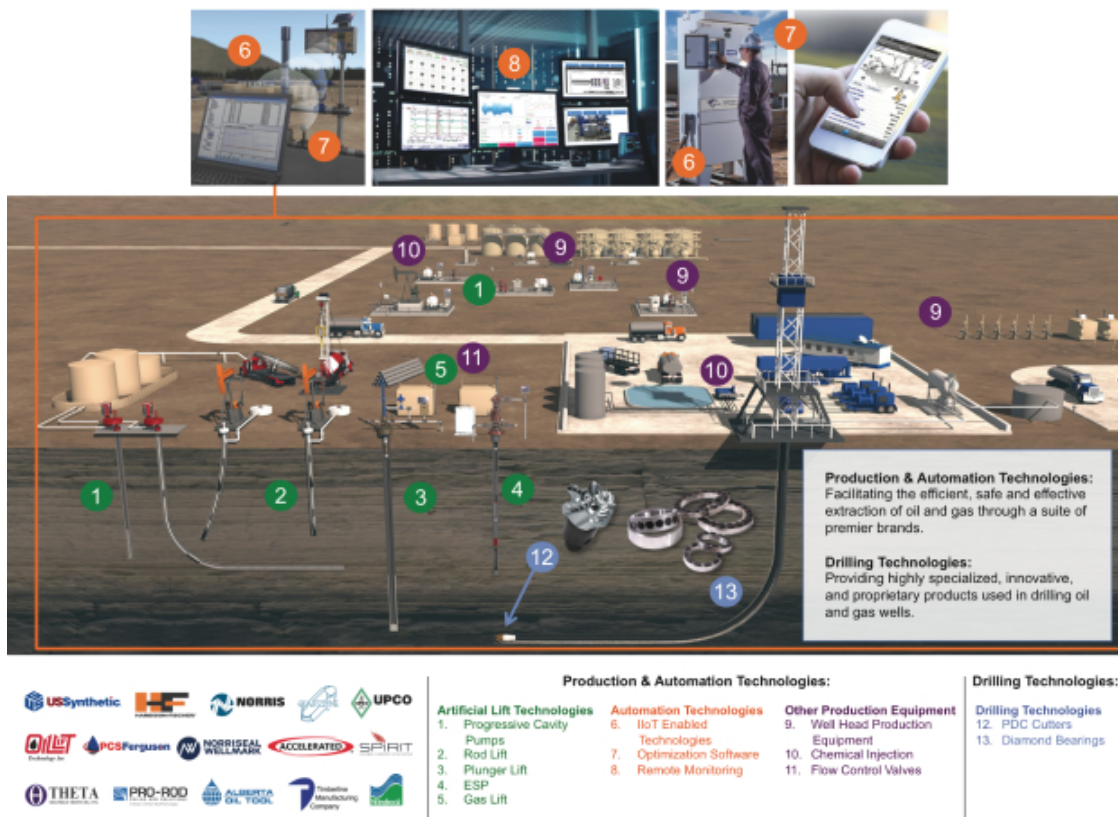
- **PDC Drill Bit Inserts:** Custom designed and manufactured drill bit inserts that fit within a customer's drill.
- **Other Drilling Equipment:** Wellsite also offers long-lasting diamond bearings for process-fluid lubricated applications, including underwater applications, downhole drilling tools and industrial pumps, as well as diamond roof bolt mining tools for underground mining.

As of December 31, 2016, our Drilling Technologies segment operated two facilities, which are located in North America.

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The following graphic illustrates where they key products of our Production & Automation Technologies and Drilling Technologies segments are used at a wellsite.



**Wellsite’s Strengths**

We believe that the following strengths position us well to achieve our primary business objective of creating value for all of our stakeholders, including our customers, employees and stockholders:

**Attractive businesses benefiting from favorable industry trends in oil and gas.**

We believe that increasing global demand for oil and gas and steady depletion of existing reservoirs will continue to drive investment in the drilling and completion of new wells, despite the current oversupply. The EIA International Energy Outlook forecasts that global tight gas, shale gas and coalbed methane production will grow by 3.6% per annum through 2050, driven primarily by the United States. Additionally, the EIA International Energy Outlook projects that global tight oil production will more than double between 2015 and 2040, growing from 5.0 Mmb/d in 2015 to 10.3 Mmb/d in 2040. At the same time, we believe the current oil price environment supports increased investment to maximize productivity from existing oil fields and increase the efficiency of oilfield operations. We believe operators’ continued focus on improving per-well economics, driven by a flattening of the WTI forward price curve, and the North American onshore oil and gas industry moving from an

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exploration phase into a more mature production phase, will increase demand for our artificial lift and wellsite automation solutions.

***Substantial presence in growing basins, segments and regions.***

82% of our revenue for the year ended December 31, 2016 was generated in North America, where the onshore rig activity was the highest growth region in the oil and gas industry in 2017, achieving a 70% year-over-year increase. Onshore unconventional oil and gas production is expected to continue to grow in North America through 2050, according to the EIA Annual Outlook. Wellsite has established positions in key North American unconventional basins, such as the Permian, Eagle Ford and Bakken, that are expected to experience continued growth in the coming years. We have also been expanding our presence in key international markets, including the Middle East, Latin America and Australia.

***Significant recurring revenue enhances the stability of our results.***

Historically, approximately 40% of our revenue is recurring. This includes replacement hardware, such as rod pumps and sucker rods, which replace previously deployed equipment in established producing wells. It also includes equipment service revenue, as well as ongoing revenue connected with our automation offering, particularly subscription-based revenue for automated well monitoring and management. We believe this recurring revenue enhances the predictability and stability of our revenue and cash flow, and helps to mitigate the impact of down market cycles.

***Proven business model driving strong relative performance across market cycles.***

We have built our business through differentiated technology and application engineering, high customer intimacy and superior customer service, continuous new product innovation and a culture of continuous improvement. We have also focused on delivering products and solutions that are non-commoditized and that we believe are critical to an oil or gas producer's efficiency and profitability. Through this consistent approach, we have achieved strong relative operating results across market cycles, especially during down cycles, demonstrating the resilience of our business model. Despite the recent oil and gas market downturn, we achieved significant free cash flow (a non-GAAP measure) during 2015 and 2016, in part through proactive working capital management. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview and Outlook—Key Performance Indicators and Other Performance Measures" for a definition of free cash flow.

***Industry leadership with strong brand portfolio and reputation for quality, performance and service.***

Our products are sold under a collection of premier brands with strong reputations for quality, performance and service in the industry. These brands include Norris, Harbison-Fischer, Accelerated, PCS Ferguson, Oil Lift Technology, Norriseal-Wellmark, Spirit, Quartzdyne, Theta, Windrock and US Synthetic. Our heritage in the oil field equipment industry extends over 60 years. We believe the quality of our brands has enabled us to achieve a strong Net Promoter Score, which we believe is among the highest in the artificial lift market.

***Comprehensive artificial lift portfolio in an attractive market segment.***

Artificial lift is one of the fastest growing segments in oilfield equipment, as spending for artificial lift per well has outpaced other areas of growth. According to Spears, the global artificial lift market was approximately \$8.3 billion in 2016 and is expected to grow 5% in 2017. During the previous oil and gas upcycle from 2009 to 2014, the artificial lift market grew at an average annual rate of approximately 19%, according to Spears.

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Additionally, according to Spears, artificial lift spending per active rig has grown at an average annual rate of almost 8% between 2006 and 2017. We believe we are well positioned to benefit from this favorable trend with a broad portfolio of artificial lift solutions to drive productivity throughout the lifecycle of the well, including ESP, Rod Lift, PCP, plunger lift, hydraulic and jet lift systems.

***Our automation business is well positioned to capitalize on increasing adoption of digital applications by our customers.***

As our customers increasingly focus on maximizing the productivity and efficiency of existing wells, we believe they will continue to adopt automation technologies at the wellsite and that our business is well positioned to capitalize on this trend. We believe technology has become increasingly important to the oil and natural gas marketplace as a result of the maturity of the world's oil and natural gas reservoirs, the acceleration of production decline, the focus on complex well designs and the oil and gas industry's aging workforce. In the current lower oil price environment, our customers are focused on lowering the cost per barrel produced over the lifecycle of a well and have begun to seek, test and use production-enabling technologies at an increasing rate. We believe that our strong domain expertise, customer access and innovative hardware and proprietary optimization software offer advantages in this regard.

***We are an award-winning global leader in PDCs for oil and gas drilling and an important partner to customers in achieving drilling productivity.***

Our US Synthetic business has over thirty years of experience in the development and production of PDCs and has achieved a strong leadership position in the industry primarily due to our expertise in diamond science technology and our ongoing commitment to innovation, quality and superior customer service. We custom design PDCs to the specific characteristics of the unique geological formations in which our customers are drilling. We are able to analyze the needs of our customers and deliver customized solutions in a reliable and timely manner, enabling our customers to operate more efficiently and reduce their total drilling costs. US Synthetic is a recognized leader in lean manufacturing and engineering. Currently US Synthetic remains the only upstream oilfield equipment company to receive the Shingo Prize for operational excellence.

***Strong operating system that delivers sustainable performance.***

We utilize an operating system that we believe distinguishes us from our peers. Our operating system is built on a foundation of a strong CI program that drives relentless focus on business process improvements and eliminating waste. Key focus areas of our operating system include strategic planning, organic growth, pricing, productivity, strategic sourcing and talent management. Our operating system has enabled us to deliver attractive margin and cash flow performance. We also believe this operating system allows us to integrate new businesses effectively and deliver value.

***Executive management team with proven track record of success.***

Our senior management team will be led by Sivasankaran ("Soma") Somasundaram, who will serve as our President and CEO. Our senior management team consists of proven industry operators, with an average of \_\_\_\_\_ years of relevant experience. We believe our senior leadership team has the extensive operational, financial and managerial experience needed to effectively navigate the key opportunities and challenges facing our business today and have been responsible for developing and executing our success to date.

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**Wellsite's Strategies**

Our goal is to continue to create stockholder value and to become the leader at the wellsite, driving customer productivity and efficiency. We intend to achieve this goal by executing the following strategies:

***Expand market coverage and increase market share in growing unconventional basins.***

Onshore unconventional oil and gas production is expected to continue to grow in North America. The EIA International Energy Outlook projects global tight gas, shale gas and coalbed methane production to grow by 3.6% per annum through 2050, driven primarily by the United States. According to the EIA Annual Outlook, shale output in the U.S. is expected to double over this period, while U.S. tight oil output will grow by approximately 28%. As a result, North America is projected to become a major exporter of natural gas during this period. Wellsite has established positions in key North American unconventional basins, such as the Permian, Eagle Ford and Bakken, that are expected to experience continued growth in the coming years. We intend to expand our market coverage and increase our share in these markets by leveraging our existing customer relationships, sales and service infrastructure and new product initiatives. Key elements of the strategy will include expanding sales coverage, key account management to drive cross selling, targeted product launches to capture market share, data analytics to drive increased customer penetration opportunities and educational programs to drive awareness of our technology differentiation.

***Capitalize on increasing customer adoption of automation solutions to drive wellsite productivity.***

We believe our customers will increasingly adopt automation solutions to drive productivity and efficiency in the coming years. Technology has become increasingly critical to the oil and natural gas marketplace as a result of the maturity of the world's oil and natural gas reservoirs, the acceleration of production decline, the focus on complex well designs and the oil and gas industry's aging workforce. While the aggregate number of wells being drilled per year has fluctuated relative to market conditions, E&P companies have increased expenditures on technology in an effort to improve reservoir performance, increase oil and gas recovery and to lower the cost per barrel produced over the life of a well. Customers continue to seek, test and use production-enabling technologies at an increasing rate. We have invested a substantial amount of our time and resources into building our technology offerings, which help us to provide our customers with more efficient tools to produce oil and natural gas. Wellsite's proprietary automation solutions improve reliability and drive down costs. We offer a full range of automation solutions consisting of equipment, software and full end-to-end IIoT solutions to meet specific customer needs. We believe our automation solutions contribute to a reduction in the breakeven cost of unconventional development, improving the efficient use of capital and operating budgets of our E&P customers. We believe our business will benefit as operators increasingly focus on optimizing production and improving per-well economics. We intend to leverage our extensive customer access and deep domain expertise in these applications to capitalize on this growth trend.

***Continue to innovate and expand our product offerings.***

We intend to continue our strong track record of developing and launching new and innovative products that drive improved cost-effectiveness, productivity, efficiency and safety for our customers. We operate in a market that is characterized by rapidly changing technology and frequent new product introductions. As a result, we maintain an active research, development and engineering program with a focus on solving customer challenges and developing innovative technologies to improve customer efficiency and profitability. We believe maintaining a robust innovation pipeline will allow us to continue to win market share and increase our penetration in key markets and with key customers. In the near-term, we expect to launch several new products that will help our customers gain efficiency, reduce operating costs and improve safety. Key focus areas for innovation and new product launches include increasing the performance of our artificial lift systems, developing new digital



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platforms for our production management and asset integrity management solutions, increasing the drilling productivity of our PDC cutters and developing diamond bearings for new applications.

***Continue to expand our global reach.***

As producing wells in the Middle East continue to age and deplete and shale-based production continues to expand in areas like South America, our globally recognized brands, market ready products and application knowledge offer the opportunity for international market penetration and growth. We believe there will be a substantial opportunity in the coming years to leverage our technologies currently used in unconventional oil and gas production in North America in targeted international markets. To capitalize on these opportunities, we are focused on expanding our operations and capabilities in targeted global markets such as the Middle East, Latin America and Australia, regions which we believe have aging wells and significant unconventional resource development potential. For example, we recently completed an acquisition in Argentina that will give us access to the market and enable us to capitalize on shale developments in that country. We have begun to win tenders in these markets and we expect to continue to build on these successes in the future, especially as these international markets move towards adopting artificial lift and automation technologies.

***Continue to drive margin expansion and free cash flow generation through operational excellence.***

We remain focused on driving margin expansion and free cash flow generation as the oil and gas markets continue to recover. We have a demonstrated track record of strong relative performance through market cycles, including remaining free cash flow positive throughout the recent oil and gas downturn. We are committed to continuing operational excellence and driving strong performance by utilizing our differentiated operating system. We plan to achieve this through a rigorous focus on improving productivity in our facilities, reducing material costs by strategic sourcing in best value countries, reducing working capital through effective inventory, receivables and payables management and eliminating waste in our processes through lean and CI principles. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Overview and Outlook—Key Performance Indicators and Other Performance Measures” for a definition of free cash flow.

***Expand our technology and product portfolio through selective acquisitions.***

In addition to our organic growth initiatives, we may choose to pursue select strategic acquisition opportunities as part of our growth strategy. We benefit from a track record of successfully growing our earnings and technology offering through selective acquisitions. For example, over the last cycle, we expanded our comprehensive artificial lift platform through several acquisitions, including Harbison-Fischer, Oil Lift Technology, PCS Ferguson, and Accelerated. Most recently, we completed the acquisition of an Argentina-based supplier of progressive cavity pump products and services in October of 2017. We have historically employed a disciplined approach to acquisitions focused on opportunities where we believe we can achieve an attractive return on our investment. These have included opportunities that (i) increased our exposure to the most important growth trends in the industry, (ii) added key products and technologies, (iii) enhanced our market position, (iv) expanded our geographic scope and/or (v) provided the opportunity to realize synergies while strengthening our capabilities. To the extent we choose to pursue acquisition opportunities, as part of our disciplined approach, we intend to focus on those that we believe will be accretive to earnings while consistent with our goal to maintain a strong and flexible balance sheet and healthy credit profile.

**Competition**

The markets in which we operate are highly competitive. The principal bases of competition in our markets are customer service, product quality and performance, price, breadth of product offering, market expertise and

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innovation. We believe we differentiate ourselves from our competitors through our model of high customer intimacy, differentiated technology, innovation and a high level of customer service.

We face competition from other manufacturers and suppliers of oil and gas production and drilling equipment. Key competitors include Weatherford International Ltd., Baker Hughes, a GE Company, Halliburton, BORETS, Tenaris, Novomet and Emerson in Production and Automation Technologies; as well as DeBeers (Element 6), Schlumberger Ltd. (Mega Diamond) and various Chinese suppliers in Drilling Technologies.

**Customers, Sales and Distribution**

We have built our business through high customer intimacy and superior customer service and we view intense customer focus as being central to our goal of creating value for all of our stakeholders. Drawing on our deep industry and application engineering expertise, we strive to develop close, collaborative relationships with our customers. We work closely with our customers' engineering teams to develop technologies and applications that help improve efficiency and productivity.

We have established deep and long-standing customer relationships with some of the largest operators in the oil and gas drilling and production markets. Our customers include national oil and gas companies, large and integrated independent oil and gas companies, all of the major oil field equipment and service providers, and pipeline companies.

We market and sell our products and technologies through a combination of sales representatives, technical seminars, trade shows and print advertising. We sell directly to customers through our direct sales force and indirectly through independent distributors and sales representatives. Our direct sales force is comprised of highly trained industry experts who can advise our customers on the advantages of our technology and product offering. We have also developed an extensive network of 118 sales and service locations throughout key regions and basins in North America to better serve our customers. We also host forums and training sessions, such as our Artificial Lift Academy, where our customers can share their experiences and we can educate and train our customers in the use of our new technologies. Nearly all of our Drilling Technologies sales and over 70% of our Production and Automation Technologies sales in 2016 were sold directly to the end-use customer.

In addition to our direct sales force, we support a global network of distributors and representatives. We provide our distributors with sales and product literature, advertising and sales promotions, and technical assistance and training with our products. Many of our distributors also stock our products.

Our customer base is diverse and no single customer accounted for more than 10% of total revenue for the year ended December 31, 2016.

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The following table details the sales of Wellsite by geographic location for the years ended 2016 and 2015. These results do not necessarily indicate the geographies where Wellsite's products are deployed or where end-customer demand is originated.

	Years Ended December 31,	
	2016	2015
United States	\$ 559,266	\$ 808,549
Middle East	54,767	69,951
Canada	54,714	64,961
Europe	19,935	34,970
Australia	18,177	47,811
Latin & South America	23,588	23,208
Other	20,890	27,230
Subtotal non-U.S.	192,071	268,131
Combined total	<u>\$ 751,337</u>	<u>\$ 1,076,680</u>

Wellsite's international operations are subject to certain risks, such as price and exchange rate fluctuations and non-U.S. governmental restrictions, which are discussed further under "Risk Factors—Risks Related to Wellsite's Business." See Note 15 to the Combined Financial Statements included elsewhere in this information statement for Wellsite's long-lived assets by geographic region.

### Intellectual Property

Wellsite owns many patents, trademarks, licenses and other forms of intellectual property, which have been acquired over a number of years and, to the extent relevant, expire at various times over a number of years. A large portion of Wellsite's intellectual property consists of patents, unpatented technology and proprietary information constituting trade secrets that Wellsite seeks to protect in various ways, including confidentiality agreements with employees and suppliers where appropriate. In addition, a significant portion of Wellsite's intangible assets relate to customer relationships. While Wellsite's intellectual property and customer relationships are important to its success, the loss or expiration of any of these rights or relationships, or any group of related rights or relationships, is not likely to materially affect Wellsite's results on a combined basis. Wellsite believes that its commitment to continuous engineering improvements, new product development and improved manufacturing techniques, as well as strong sales, marketing and service efforts, are significant to its general leadership positions in the niche markets that it serves.

### Research and Development and Engineering

Wellsite operates in markets that are characterized by changing technology and frequent new product introductions. As a result, Wellsite's success is dependent on its ability to develop and introduce new technologies and products for its customers. Wellsite maintains an active research, development and engineering program with a focus on developing innovative products and solutions as well as upgrading and improving existing offerings to satisfy the changing needs of its customers, expand revenue opportunities domestically and internationally, maintain or extend competitive advantages, improve product reliability and reduce production costs. Wellsite believes maintaining a robust innovation pipeline will allow it to continue to win market share and increase its penetration in key markets and with key customers. Wellsite spent approximately \$16.5 million and \$19.3 million on research and development and qualifying engineering activities during the years ended December 31, 2016 and 2015, respectively. Wellsite intends to increase its spending on research and

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development, particularly given the market recovery in technologies that improve customer productivity and efficiency, such as automation, PDCs and high efficiency artificial lift technologies.

**Raw Materials**

Wellsite uses a wide variety of raw materials, primarily metals and semi-processed or finished components. We have not historically experienced material impacts to our results due to shortages or the loss of any single supplier. Although the required raw materials are generally available, commodity pricing for metals, such as nickel, chrome, molybdenum, vanadium, manganese and steel scrap, fluctuate with the market. Although cost increases in commodities may be recovered through increased prices to customers, Wellsite's operating results are exposed to such fluctuations. Wellsite attempts to control such costs through short-duration fixed-price contracts with suppliers and various other programs, such as Wellsite's global supply chain activities. In addition, Wellsite sources material globally. This global supply chain is intended to provide Wellsite with a cost-effective solution for raw materials. Our supply chain could be exposed to logistical disruptions. Wellsite maintains domestic suppliers in most cases to provide temporary contingencies. Despite contingencies and back-up processes, sustained inflation and unpredictable disruptions to supply could have an adverse impact on our business.

**Regulation and Environmental and Occupational Health and Safety Matters**

Wellsite's operations are subject to a variety of international, national, state and local laws and regulations, including those relating to the discharge of materials into the environment, health and worker safety, or otherwise relating to human health and environmental protection. Failure to comply with these laws or regulations may result in the assessment of administrative, civil and criminal penalties, imposition of remedial or corrective action requirements, and the imposition of injunctions to prohibit certain activities or force future compliance.

In addition, Wellsite depends on the demand for its products and services from the oil and gas industry and, therefore, is affected by changing taxes, price controls and other laws and regulations relating to the oil and gas industry in general, including those specifically directed to hydraulic fracturing and onshore products. The adoption of laws and regulations curtailing exploration, drilling or production in the oil and gas industry, or the imposition of more stringent enforcement of existing regulations, could adversely affect Wellsite's operations by limiting demand for Wellsite's products and services or restricting Wellsite's or its customers operations. For more information, see "Risk Factors—Risks Related to Wellsite's Business—Federal, state and local legislative and regulatory initiatives relating to hydraulic fracturing and the potential for related litigation could result in increases costs and additional operating restrictions or delays for Wellsite's customers, which could reduce demand for Wellsite's products and negatively impact Wellsite's business, financial condition and results of operation," "Risk Factors—Risks Related to Wellsite's Business—Wellsite and its customers are subject to extensive environmental and health and safety laws and regulations that may increase Wellsite's costs, limit the demand for Wellsite's products and services or restrict Wellsite's operations. In addition, future regulations, or more stringent enforcement of existing regulations, could increase those costs and liabilities, which could adversely affect Wellsite's results of operations" and "Risk Factors—Risks Related to Wellsite's Business—Climate change legislation and regulatory initiatives could result in increased compliance costs for Wellsite and its customers."

Wellsite utilizes behavioral-based safety practices to promote a safe working environment for all its employees. On a consistent and regular basis, safety is discussed, measured and promoted in all levels of the organization. Additionally, Wellsite's operations are subject to a number of federal and state laws and regulations relating to workplace safety and worker health, such as the Occupational Safety and Health Act and regulations promulgated thereunder.

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Wellsite has incurred and will continue to incur operating and capital expenditures to comply with environmental, health and safety laws and regulations. Historically, there have been no material effects upon Wellsite's earnings and competitive position resulting from Wellsite's compliance with such laws or regulations; however, there can be no assurance that such costs will not be material in the future or that such future compliance will not have a material adverse effect on our business or operational costs.

### **Employees**

Wellsite expects to employ approximately 3,100 persons in nine countries as of the distribution date. Approximately 67 of Wellsite's employees in the United States (out of a total of approximately 107 employees who are union-eligible) are subject to collective bargaining agreements. Outside the United States, some of Wellsite's employees are represented by unions or works councils. Wellsite believes that it has good relations with its employees.

### **Properties**

Wellsite's corporate headquarters is located in The Woodlands, Texas. Wellsite maintains technical customer support offices and operating facilities in North America, the Middle East, Latin America and Australia.

The number, type, location and size of the properties used by Wellsite's continuing operations as of December 31, 2016 are shown in the following charts, by segment:

	<u>Number and Nature of Facilities</u>				<u>Square Footage (in 000s)</u>	
	<u>Manufacturing</u>	<u>Warehouse</u>	<u>Sales / Service / Other</u>	<u>Total</u>	<u>Owned</u>	<u>Leased (1)</u>
Production & Automation Technologies	18	73	45	136	1,329	2,098
Drilling Technologies	1	—	1	2	173	11

	<u>Locations</u>			
	<u>North America</u>	<u>Australia</u>	<u>Other</u>	<u>Total</u>
Production & Automation Technologies	126	7	3	136
Drilling Technologies	2	—	—	2

(1) Expiration dates on leased facilities range from 1 to 15 years.

Wellsite believes that its owned and leased facilities are well-maintained and suitable for its operations.

### **Legal Proceedings**

Wellsite and certain of its subsidiaries are also parties to a number of other legal proceedings incidental to their businesses. These proceedings primarily involve claims by private parties alleging injury arising out of use of Wellsite's products, intellectual property infringement, employment matters and commercial disputes. Management and legal counsel, at least quarterly, review the probable outcome of such proceedings, the costs and expenses reasonably expected to be incurred and currently accrued to-date. Wellsite has reserves for other legal matters that are probable and estimable, and at December 31, 2016 and 2015, these reserves were not significant. While it is not possible at this time to predict the outcome of these legal actions, in the opinion of management, based on the aforementioned reviews, Wellsite is not currently involved in any legal proceedings which, individually or in the aggregate, could have a material effect on its financial position, results of operations, or cash flows.

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## MANAGEMENT

### Executive Officers Following the Separation

The following table sets forth information regarding Mr. Somasundaram, who will serve as Wellsite's President & CEO. Wellsite has not yet determined the other individuals who will serve as Wellsite's executive officers following the completion of the separation. Upon Wellsite's separation from Dover, none of Wellsite's executive officers will continue to be employees or executive officers of Dover.

Name	Age	Position
Sivasankaran Somasundaram	52	President & Chief Executive Officer

Sivasankaran Somasundaram will serve as Wellsite's President and CEO, and is expected to serve as a member of its Board of Directors. Mr. Somasundaram currently serves as a Vice President of Dover Corporation and as President and CEO of Dover Energy, in which capacity he has acted since August 2013. Previously, Mr. Somasundaram served as Executive Vice President (from November 2011 to August 2013) of Dover Energy, Executive Vice President (from January 2010 to November 2011) of Dover Fluid Management and President (from January 2008 to December 2009) of Dover's Fluid Solutions Platform.

### Board of Directors Following the Separation

Mr. Somasundaram is expected to serve on Wellsite's Board of Directors following the completion of the separation and his biographical information is set forth above under "—Executive Officers Following the Separation." Wellsite has not yet determined the other individuals who will serve as members of its Board of Directors following the completion of the separation. The nominees will be presented to Wellsite's sole stockholder, Dover, for election prior to the separation. Wellsite may name and present additional nominees for election prior to the separation.

Name	Age	Title
Sivasankaran Somasundaram	52	Director, President & Chief Executive Officer

Upon completion of the separation, Wellsite's Board of Directors will be initially be divided into three approximately equal classes. The directors designated as Class I directors will have terms expiring at the first annual meeting of stockholders following the distribution, which Wellsite expects to hold in 2019. The directors designated as Class II directors will have terms expiring at the second annual meeting of stockholders following the distribution, which Wellsite expects to hold in 2020, and the directors designated as Class III directors will have terms expiring at the third annual meeting of stockholders following the distribution, which Wellsite expects to hold in 2021. Wellsite expects that Class I will be comprised of \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_; Class II will be comprised of \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_; and Class III will be comprised of \_\_\_\_\_ and \_\_\_\_\_. Commencing with the first annual meeting of stockholders following the separation, directors elected to succeed those directors whose terms then expire will be elected for a term of office to expire at the 2022 annual meeting.

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Beginning at the 2022 annual meeting, all of Wellsite's directors will stand for election each year for annual terms, and Wellsite's Board of Directors will therefore no longer be divided into three classes. Members of Wellsite's Board of Directors will be elected by a plurality of the votes cast at each annual meeting of stockholders.

**Director Independence**

Wellsite currently expects that, upon the consummation of the separation, its Board of Directors will consist of \_\_\_\_\_ members, a substantial majority of whom Wellsite expects to satisfy the independence standards established by the Sarbanes-Oxley Act and the applicable rules of the SEC and the NYSE.

Wellsite expects to make a determination of the independence of each nominee for director prior to his or her nomination for (re)election. No director may be deemed independent unless the board determines that he or she has no material relationship with Wellsite, directly or as an officer, stockholder or partner of an organization that has a material relationship with Wellsite.

**Committees of the Board of Directors**

Effective immediately prior to the "when-issued" trading date of Wellsite common stock on the NYSE, Wellsite's Board of Directors will have a standing Audit Committee, and effective upon the completion of the separation, Wellsite's Board of Directors will have a standing Governance and Nominating Committee and a Compensation Committee.

***Audit Committee***

\_\_\_\_\_ is expected to be a member of the Audit Committee of Wellsite's Board of Directors effective as of immediately prior to the "when-issued" trading date of Wellsite common stock on the NYSE, which is expected to occur on or about \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ are expected to be members of the Audit Committee of Wellsite's Board of Directors effective as of the distribution date. \_\_\_\_\_ is expected to be the Chairman of the Audit Committee effective as of the distribution date. Wellsite's Board of Directors is expected to determine that each member of the Audit Committee is an "audit committee financial expert" for purposes of the rules of the SEC. In addition, Wellsite expects that its Board of Directors will determine that each of the members of the Audit Committee will be independent, as defined by the rules of the NYSE, Section 10A(m)(3) of the Exchange Act, and in accordance with Wellsite's Corporate Governance Guidelines. The Audit Committee will meet at least quarterly and will assist the Board of Directors in fulfilling its oversight responsibilities. The primary functions of the Audit Committee will consist of:

- selecting and engaging an independent registered public accounting firm ("independent auditors");
- overseeing the work of the independent auditors and Wellsite's internal audit function;
- approving in advance all services to be provided by, and all fees to be paid to, the independent auditors, who report directly to the committee;
- overseeing the adequacy and integrity of Wellsite's financial statements and its financial reporting and disclosure practices;
- reviewing with management and the independent auditors the audit plan and results of the auditing engagement; and
- reviewing with management and the independent auditors the quality and adequacy of Wellsite's internal control over financial reporting.

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With respect to Wellsite's reporting and disclosure matters, the responsibilities and duties of the Audit Committee will include reviewing and discussing with management and the independent auditors Wellsite's annual audited financial statements and quarterly financial statements prior to inclusion in Wellsite's Annual Report on Form 10-K or other public filings in accordance with applicable rules and regulations of the SEC

Wellsite's Board of Directors is expected to adopt a written charter for the Audit Committee that will describe its responsibilities, authority and resources in greater detail. The charter of the Audit Committee will be posted on Wellsite's website at .

***Governance and Nominating Committee***

, and are expected to be the members of the Governance and Nominating Committee of Wellsite's Board of Directors. is expected to be the Chairman of the Governance and Nominating Committee. Wellsite's Board of Directors is expected to determine that each of the members of the Governance and Nominating Committee will be independent, as defined by the rules of the NYSE and in accordance with Wellsite's Corporate Governance Guidelines. The primary functions of the Governance and Nominating Committee will consist of:

- developing and recommending corporate governance principles to the Wellsite Board of Directors;
- identifying and recommending to Wellsite's Board of Directors candidates for election as directors and any changes it believes desirable in the size and composition of the Board of Directors; and
- making recommendations to Wellsite's Board of Directors concerning the structure and membership of the Board committees.

Wellsite's Board of Directors is expected to adopt a written charter for the Governance and Nominating Committee that will describe its responsibilities, authority and resources in greater detail. The charter of the Governance and Nominating Committee will be posted on Wellsite's website at .

***Compensation Committee***

, and are expected to be the members of the Compensation Committee of Wellsite's Board of Directors (the "Wellsite Compensation Committee"). is expected to be the Chairman of the Wellsite Compensation Committee. Wellsite's Board of Directors is expected to determine that each member of the Wellsite Compensation Committee will be independent, as defined by the rules of the NYSE and in accordance with Wellsite's Corporate Governance Guidelines. In addition, Wellsite expects that the members of the Wellsite Compensation Committee will qualify as "non-employee directors" for purposes of Rule 16b-3 under the Exchange Act and as "outside directors" for purposes of Section 162(m) of the Code. The Wellsite Compensation Committee, together with the independent directors on Wellsite's Board of Directors, will approve the compensation of Wellsite's CEO. The other primary functions of the Wellsite Compensation Committee will consist of:

- approving compensation for executive officers who report directly to the CEO (together with the CEO, "senior executive officers");
- granting awards and approving payouts under Wellsite's equity plans and its annual executive incentive plan;
- approving changes to Wellsite's compensation plans;
- reviewing and recommending compensation for the Wellsite Board of Directors;
- overseeing the succession planning and management development programs; and
- supervising the administration of the compensation plans.



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Wellsite's Board of Directors is expected to adopt a written charter for the Wellsite Compensation Committee that will describe its responsibilities, authority and resources in greater detail. The charter of the Wellsite Compensation Committee will be posted on Wellsite's website at .

**Compensation Committee Interlocks and Insider Participation**

During Wellsite's fiscal year ended 2016, Wellsite was not an independent company, and did not have a compensation committee or any other committee serving a similar function. Decisions as to Mr. Somasundaram's compensation in 2016 were made by the Compensation Committee of Dover's Board of Directors (the "Dover Compensation Committee").

**Corporate Governance**

Wellsite is committed to conducting its business in accordance with the highest level of ethical and corporate governance standards. The Board of Directors of Wellsite expects to periodically review its corporate governance practices and take other actions to address changes in regulatory requirements, developments in governance best practices and matters raised by stockholders. The following describes some of the actions Wellsite expects to take to help ensure that Wellsite's conduct earns the respect and trust of stockholders, customers, business partners, employees and the communities in which we live and work.

***Governance Guidelines and Codes***

In connection with the separation, the Board of Directors of Wellsite will adopt written corporate governance guidelines that set forth the responsibilities of the Board and the qualifications and independence of its members and the members of its standing committees. In addition, in connection with the separation, the Board of Directors of Wellsite will adopt, among other codes and policies, a code of business conduct and ethics setting forth standards applicable to all of Wellsite's companies and their employees, a code of ethics for Wellsite's CEO and senior financial officers, policies prohibiting Wellsite's employees from buying or selling instruments to hedge against decreases in the market value of Wellsite's equity securities, and charters for each of its standing committees. All of these documents (referred to collectively as "governance materials") will be available on Wellsite's website at .

***Board Leadership Structure and Risk Oversight***

Wellsite's Board of Directors will adopt a structure in connection with the separation whereby the Chairman of the Board of Directors is an independent director. Wellsite believes that having a chairman independent of management provides strong leadership for the Board of Directors and helps ensure critical and independent thinking with respect to Wellsite's strategy and performance. Wellsite's CEO is also expected to serve as a member of Wellsite's Board of Directors as the management representative on the Board of Directors. Wellsite believes this is important to make information and insight directly available to the directors in their deliberations. This structure gives Wellsite an appropriate, well-functioning balance between non-management and management directors that combines experience, accountability and effective risk oversight.

Wellsite believes that risk oversight is the responsibility of the Board of Directors as a whole and not of any one of its committees. Wellsite's Board of Directors will periodically review the processes established by management to identify and manage risks and communicate with management about these processes. Wellsite expects to establish a risk assessment team consisting of senior executives, which annually will oversee an assessment made at the operating companies and the segments of the risk at those levels and, with that information in mind, will perform an assessment of the overall risks Wellsite may face. This team is expected to reassess on a quarterly basis the list at the Wellsite level, the severity of these risks and the status of efforts to mitigate them and report to Wellsite's Board of Directors on that reassessment.

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***Audit Committee Procedures; Disclosure Controls and Procedures Committee***

The Audit Committee expects to hold regular quarterly meetings at which it will meet separately with each of Wellsite's independent registered public accounting firm, Wellsite's head of internal audit, financial management and Wellsite's General Counsel to assess certain matters including the status of the independent audit process, management's assessment of the effectiveness of internal control over financial reporting and the operation and effectiveness of Wellsite's compliance program. In addition, the Audit Committee, as a whole, will review and meet to discuss the contents of each Form 10-Q and review and approve the Form 10-K (including the financial statements) prior to its filing with the SEC. Management is expected to have a Disclosure Controls and Procedures Committee, which is expected to include among its members the chief financial officer and other officers of Wellsite. This management committee is expected to meet at least quarterly to review Wellsite's earnings release and quarterly or annual report, as the case may be, for the prior quarter and Wellsite's disclosure controls and procedures.

***Complaints "Hotline"; Communication with Directors***

In accordance with the Sarbanes-Oxley Act of 2002, effective immediately after the distribution date, Wellsite's Audit Committee will have established procedures for (i) the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters ("accounting matters"), and (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting matters. Such complaints or concerns are expected to be able to be submitted to Wellsite, care of its corporate secretary or through the communications coordinator, an external service provider, by mail, fax, telephone or via the internet as published on Wellsite website in connection with the separation. The communications coordinator will forward such communications to Wellsite's General Counsel without disclosing the identity of the sender if anonymity is requested. Stockholders and other interested persons may also communicate with Wellsite's Board of Directors and the non-management directors in any of these same manners. Such communications will be forwarded to the chair of the Governance and Nominating Committee and Wellsite's General Counsel.

***Anti-hedging and Anti-pledging Policy***

Wellsite expects Wellsite's Board of Directors to adopt anti-hedging and anti-pledging policies which would prohibit its employees who receive an award under its long-term incentive plan from hedging or pledging their position in Wellsite stock.

***Procedures for Approval of Related Person Transactions***

While Wellsite generally does not expect to engage in transactions with related persons, including its senior executive officers or directors, Wellsite's Board of Directors will adopt policies and procedures regarding transactions with related persons. Such policies and procedures will provide that such transactions would be subject to review and approval by the Governance and Nominating Committee in accordance with a written policy and the procedures adopted by Wellsite's Board of Directors, which will be posted on Wellsite's website at .

***Compensation Consultant Independence***

It is expected that the Wellsite Compensation Committee will adopt a policy to ensure the continuing independence and accountability to the committee of any advisor hired to assist the committee in the discharge of its duties. It is expected that under the policy, the Wellsite Compensation Committee will annually review and pre-approve the services that may be provided by the independent advisor without further committee approval. It is expected that, to ensure independence of the compensation consultant, the consultant will report directly to the Wellsite Compensation Committee and work specifically for the committee solely on compensation and benefits.

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***Qualification and Nominations of Directors***

The Governance and Nominating Committee charter that is expected to be adopted in connection with the separation will provide that the Governance and Nominating Committee considers and recommends to Wellsite's Board of Directors nominees for election to, or for filling any vacancy on, Wellsite's Board of Directors in accordance with its by-laws, its governance guidelines, and the committee's charter. The committee is expected to periodically review the requisite skills and characteristics of Board members as well as the size, composition, functioning and needs of Wellsite's Board of Directors as a whole. To be considered for Board membership, a nominee for director must be an individual who has the highest personal and professional integrity, who has demonstrated exceptional ability and judgment, and who will be most effective, in conjunction with the other nominees to Wellsite's Board of Directors, in collectively serving the long-term interests of all Wellsite stockholders. The committee also considers members' qualifications as independent, the financial literacy of members of the Audit Committee, the qualification of Audit Committee members as "audit committee financial experts," and the diversity, skills, background and experiences of members of the Board of Directors in the context of the needs of the Board of Directors. The Governance and Nominating Committee may also consider such other factors as it may deem to be in the best interests of Wellsite and its stockholders. Wellsite believes it appropriate and important that at least one key member of Wellsite's management participate as a member of Wellsite's Board of Directors. In appropriate circumstances this number may be increased to two.

Whenever the committee concludes, based on the reviews or considerations described above or due to a vacancy, that a new nominee to Wellsite's Board of Directors is required or advisable, it will consider recommendations from directors, management, stockholders and, if it deems appropriate, consultants retained for that purpose. In such circumstances, it will evaluate individuals recommended by stockholders in the same manner as nominees recommended from other sources. Stockholders who wish to recommend an individual for nomination should send that person's name and supporting information to the committee, care of the Corporate Secretary or through Wellsite's communications coordinator. Stockholders who wish to directly nominate an individual for election as a director, without going through the Governance and Nominating Committee or using Wellsite's proxy material, must comply with the procedures in Wellsite's amended and restated by-laws.

**Executive Compensation**

Wellsite is currently a wholly-owned subsidiary of Dover and Dover's senior management and the Dover Compensation Committee determined Wellsite's past executive compensation. After the separation, Wellsite's own Compensation Committee and Board of Directors will determine Wellsite's executive compensation.

This Executive Compensation section presents historical compensation information for Sivasankaran Somasundaram, who is expected to serve as the CEO of Wellsite and who will be a named executive officer ("NEO") of Wellsite. Wellsite is currently in the process of determining the composition of Wellsite's senior management team. As the process progresses, Wellsite will include the relevant disclosure in subsequent amendments to this information statement.

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**Summary Compensation Table**

The Summary Compensation Table and notes show all remuneration paid to Mr. Somasundaram by Dover for the fiscal years ended December 31, 2016 and December 31, 2015.

Name and Principal Position	Year	Salary (\$)	Stock Awards \$(1)	Option Awards \$(2)	Non-Equity Incentive Plan Compensation \$(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings \$(4)	All Other Compensation \$(5)	Total (\$)
Sivasankaran Somasundaram	2016	502,000	550,001	355,313	355,000	222,090	13,832	1,998,236
President & Chief Executive Officer, Dover Energy	2015	479,167	549,967	436,820	385,000	161,000	10,676	2,022,630

(1) The amounts generally represent (a) the aggregate grant date fair value of performance shares granted by Dover during the year indicated, calculated in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 718 and (b) the aggregate grant date fair value of Dover restricted stock unit awards granted during the year, calculated in accordance with FASB ASC Topic 718. Under FASB ASC Topic 718, the 2015 and 2016 awards were considered performance and service conditioned. The grant date fair value for the 2015 Dover performance share awards was \$73.28, and the grant date fair value for the 2016 Dover performance share awards was \$57.25 determined in accordance with FASB ASC Topic 718.

The amounts represent the aggregate grant date fair value of Dover awards granted during the year indicated, calculated in accordance with FASB ASC Topic 718 and do not correspond to the actual value that might be realized by the NEOs. The grant date fair value of Dover restricted stock unit awards was calculated in accordance with FASB ASC Topic 718 using the assumptions set forth in the footnotes to the Combined Financial Statements included elsewhere in this information statement. All Dover restricted stock unit grants were eligible for dividend equivalent payments which are paid upon vesting. For a discussion of the assumptions relating to calculation of the cost of equity awards, see Note 11 to the Combined Financial Statements included elsewhere in this information statement.

(2) The amounts represent the aggregate grant date fair value of Dover Stock-Settled Stock Appreciation Rights (“SSARs”) awards granted during the year indicated, calculated in accordance with FASB ASC Topic 718, and do not correspond to the actual value that may be realized by the NEOs. For a discussion of the assumptions relating to the calculation of the cost of equity awards, see Note 11 to the Combined Financial Statements contained elsewhere in this information statement.

(3) Amounts generally represent payments under Dover’s Annual Incentive Plan (the “Dover AIP”) for the year indicated, for which payments were made in the first quarter of the following year.

(4) Amounts represent changes in present value of accumulated benefits under Dover’s pension plan and/or Pension Replacement Plan (the “Dover PRP”) during the year indicated.

(5) The amounts for 2016 are due to \$9,275 in 401(k) matching contributions, as well as dividends received on Dover restricted stock units. The amounts for 2015 are due to \$9,100 in 401(k) matching contributions, as well as dividends received on Dover restricted stock units.

**Narrative Disclosure to Summary Compensation Table**

**Executive Employment Arrangements**

Mr. Somasundaram does not have an individual employment agreement with us or with Dover.

**2016 Annual Incentive Plan**

Mr. Somasundaram participated in the Dover AIP in 2016. An annual bonus may be earned each year under the Dover AIP based on an individual’s performance against both financial and individual strategic goals.

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For 2016, 50% of Mr. Somasundaram's annual bonus was based on the achievement of financial performance criteria. The other 50% of the annual bonus was based on the achievement of individual strategic objectives designed to create long-term value for Dover stockholders.

Under the Dover AIP, executives can achieve anywhere between 0% and 200% of their target bonus. However, above-target payout is only earned for performance that is significantly above the targeted performance.

#### *2016 AIP Funding*

The Dover AIP is funded for purposes of Section 162(m) of the Code, by the achievement of an earnings per share ("EPS") goal, as determined under the Dover AIP. Achievement of Dover's EPS target allows maximum bonuses to be paid, subject to the negative discretion of the Dover Compensation Committee in determining the final bonuses. Achievement below the target reduces the bonus pool by 1% for every 1% below target; achievement above target does not increase the bonus pool. Taking into account the impact of businesses acquired during 2016, Dover's 2016 EPS target was \$3.95. Dover achieved adjusted EPS, determined on the basis described above, of \$3.25 so bonuses were available to be paid at a level below maximum.

#### *2016 AIP Financial Results Performance*

The actual bonuses paid for 2016 were below target based on business results. Targets under the Dover AIP are set at the segment level for Dover's segment NEOs such as Mr. Somasundaram. The financial targets listed below were utilized to determine the 50% of Mr. Somasundaram's bonus tied to financial results.

	2016 Targets		2016 Results	
	In \$ millions			
	Sales	EBIT(1)	Sales	EBIT(1)
Dover Energy—Sivasankaran Somasundaram	1,360	195	1,108	55

(1) EBIT refers to earnings before interest and taxes.

#### *2016 AIP Individual Strategic Objective Performance*

Each of Dover's NEOs, including Mr. Somasundaram, had unique strategic objectives that were utilized to determine the remaining 50% of their annual incentive. Dover's CEO developed strategic goals for his direct reports, including Mr. Somasundaram, which focused on measurable accomplishments in their individual areas of responsibility that would also benefit Dover's stockholders over the long term. The Dover Compensation Committee determined that in 2016, pursuant to his individual strategic goals, Mr. Somasundaram did an excellent job of managing through the downturn in the energy sector, exiting the year with a solid operating margin and retaining key talent throughout the segment and that the efficiencies created throughout the segment would position it for future growth as the market recovers.

#### *2016 AIP Target Performance and Payout*

Based on the performance of Mr. Somasundaram's business unit and his performance against specific strategic objectives, his 2016 AIP payout was \$355,000, which was 68% of his 2016 AIP target.

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### 2016 Long-Term Incentive Compensation

The following table summarizes the components of Dover's 2016 long-term incentive plan ("LTIP") and the related performance criteria for awards granted in 2016 to Dover's NEOs, including Mr. Somasundaram. All components of Dover's 2016 LTIP awards are paid in stock rather than cash.

<u>LTIP COMPONENT</u>	<u>PERFORMANCE CRITERIA</u>	<u>VESTING OR EXERCISE PERIOD</u>
STOCK SETTLED STOCK APPRECIATION RIGHTS	Market Price of Dover's Common Stock	SSARs are not exercisable until three years after grant; they remain exercisable for another seven years
RESTRICTED STOCK UNITS	Market Price of Dover's Common Stock	Awards vest ratably over three years
PERFORMANCE SHARES	iTSR (EBITDA growth and cash flow generation)	Performance shares

In 2016, Mr. Somasundaram's LTIP award was comprised 50% of SSARs, 30% of performance shares and 20% of restricted stock units.

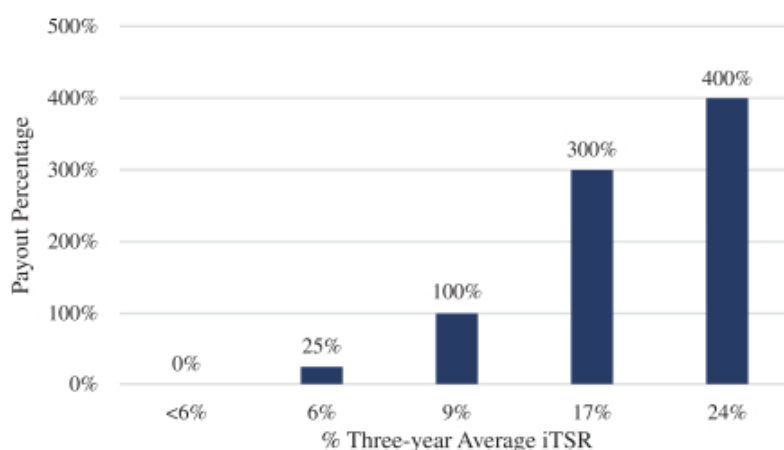
#### *Performance Shares & iTSR*

*Definition of iTSR.* iTSR measures the change in enterprise value over a three-year period. EBITDA is assigned a multiple based on prevailing market multiples among industrial companies. iTSR tracks the change in that EBITDA-based value, along with operational free cash flow (defined as operating cash flow less capital spending, less cash used for acquisitions, plus cash received from divestitures) generated during the three-year performance period. The two together work similarly to an external TSR measure: the EBITDA-based value becomes a proxy for share price, and operational free cash flow becomes a proxy for dividends.

*iTSR Targets, Threshold and Cap Levels.* Awards are earned three years after the grant, provided iTSR exceeds a threshold level. No payouts will be made unless iTSR equals or exceeds 6%. The payout to any individual may not exceed 500,000 shares.

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Payouts of performance shares are made on a sliding scale using the following formula:



*Stock Settled Stock Appreciation Rights*

SSARs vest on the third anniversary of the grant date. Once SSARs vest, an NEO may exercise them any time prior to the expiration date, which is the tenth anniversary of the grant date. The proceeds from the exercise are paid to the NEO in the form of shares of Dover common stock.

*Illustration of SSARs Exercise:*

Base Price/Exercise Price:	\$ 60
Fair Market Value (“FMV”) on date of exercise:	\$ 80
Number of SSARs Granted:	100

EXERCISE STEP	Gain in Value	Total Value after Exercise	Total Shares Awarded post Exercise*
CALCULATION FORMULA	FMV—Exercise Price	Gain in Value x Number of SSARs	Total Value ÷ FMV
RESULT	\$80—\$60 = \$20 (\$20 per SSAR)	\$20 x 100 = \$2,000	\$2,000 ÷ \$80 = 25

\* Subject to tax withholding.

*Restricted Stock Units*

Restricted stock unit grants vest ratably over three years. Executives do not actually own the shares underlying the units, nor enjoy the benefits of ownership such as dividends and voting, until the vesting conditions are satisfied. Once vested, the NEO receives shares of Dover stock equivalent in number to the vested units and receives a cash amount equal to accrued dividends during the vesting period, net of withholding taxes.

**Outstanding Equity Awards at Fiscal Year-End 2016**

Dover awards listed below with grant dates beginning in 2014 were made under the Dover Corporation 2012 Equity and Cash Incentive Plan (the “Dover LTIP”). Awards listed below with grant dates between 2006 through

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2012 were made under the Dover Corporation 2005 Equity and Cash Incentive Plan (the “2005 Dover Plan”). All equity awards outstanding as of February 28, 2014 were adjusted as a result of the spin-off of Knowles Corporation to preserve the value of the awards in accordance with the Employee Matters Agreement, dated February 28, 2014, between Dover and Knowles Corporation.

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercised	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested (\$)
Sivasankaran Somasundaram		38,428(1)	57.25	2/11/2026				
		30,022(2)	73.28	2/12/2025				
		24,239(3)	82.51	3/10/2024				
	14,211(4)		63.33	2/14/2023				
	15,620(5)		57.62	2/9/2022				
	15,336(6)		58.69	2/10/2021				
	23,816(7)		37.79	2/11/2020				
					3,843(8)	287,956(11)	23,056(12)	1,727,586(14)
					2,002(9)	150,010(11)	18,012(13)	1,349,639(14)
					808(10)	60,543(11)		

- (1) SSARs granted on February 11, 2016 that are not exercisable until February 11, 2019.
- (2) SSARs granted on February 12, 2015 that are not exercisable until February 12, 2018.
- (3) SSARs granted on March 10, 2014 that became exercisable on March 10, 2017.
- (4) SSARs granted on February 14, 2013 that became exercisable on February 14, 2016.
- (5) SSARs granted on February 9, 2012 that became exercisable on February 9, 2015.
- (6) SSARs granted on February 10, 2011 that became exercisable on February 10, 2014.
- (7) SSARs granted on February 11, 2010 that became exercisable on February 11, 2013.
- (8) Unvested portion of Dover restricted stock units granted on February 11, 2016. The units vest in three equal annual installments beginning on March 15, 2017.
- (9) Unvested portion of Dover restricted stock units granted on February 12, 2015. The units vest in three equal annual installments beginning on the first anniversary of the grant date.
- (10) Unvested portion of Dover restricted stock units granted on March 10, 2014. The units vest in three equal annual installments beginning on the first anniversary of the grant date.
- (11) The amount reflects the number of unvested Dover restricted stock units multiplied by \$74.93, the closing price of Dover’s common stock on December 30, 2016.
- (12) Dover performance shares granted on February 11, 2016 become payable after December 31, 2018 subject to the achievement of the applicable performance goal. The amount reflected in the table represents the number of shares payable based on achievement of the maximum level of performance (400%).
- (13) Dover performance shares granted on February 12, 2015 become payable after December 31, 2017 subject to the achievement of the applicable performance goal. The amount reflected in the table represents the number of Dover shares payable based on achievement of the maximum level of performance (400%).
- (14) The amount reflects the number of performance shares payable based on achievement of the maximum level of performance multiplied by \$74.93, the closing price of Dover’s common stock on December 30, 2016.

**Executive Severance Policies**

Dover has an executive severance plan (the “Dover Severance Plan”) and senior executive Change in Control (“CIC”) Severance Plan (the “Dover CIC Severance Plan”). The Dover Severance Plan creates a consistent and transparent severance policy for determining benefits for all similarly-situated executives and formalizes Dover’s current executive severance practices. All of Dover’s executives, including Mr. Somasundaram, are eligible to participate in the Dover Severance Plan. The Dover CIC Severance Plan likewise establishes a consistent policy regarding double-trigger CIC severance payments based on current



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market practices. The Dover CIC Severance Plan applies to all executives who are subject to Dover's senior executive shareholding guidelines on the date of a CIC (as defined in such plan), including Mr. Somasundaram. Each of the Dover Severance Plan and the Dover CIC Severance Plan gives Dover the right to recover amounts paid to an executive under the plan as required under any clawback policy of Dover as in effect from time to time or under applicable law. The Dover 2005 Plan, the Dover LTIP and Dover's other benefit plans each has its own provisions relating to rights and obligations under the plan upon termination.

No Dover executive may receive severance benefits under more than one plan or arrangement. If Dover determines that (i) any payment or distribution to an executive in connection with CIC, whether under the Dover CIC Severance Plan or otherwise, would be subject to excise tax as an excess parachute payment under the Code and (ii) the executive would receive a greater net-after-tax amount by reducing the amount of the severance payment, Dover will reduce the severance payments made under the Dover CIC Severance Plan to the maximum amount that might be paid (but not less than zero) without the executive becoming subject to the excise tax. The Dover CIC Severance Plan does not provide any gross-up for excise taxes.

Under the Dover Severance Plan, Mr. Somasundaram would be entitled to the following payments in the event of non-CIC involuntary termination without "cause", as defined in the plan:

- Twelve (12) months' salary continuation plus an amount equal to the pro rata portion of the annual bonus paid for the prior year, subject to the Dover Compensation Committee's discretion to reduce the payment amount.
- A monthly amount equal to the then cost of COBRA health continuation coverage based on the level of health care coverage in effect on the termination date, if any, for the lesser of 12 months or the period that the executive receives COBRA benefits.

Under the Dover CIC Severance Plan, Mr. Somasundaram will be entitled to receive the following severance payments if, within 18 months after a CIC, either his employment is terminated by Dover without "cause" or he terminates employment for "good reason," as such terms are defined in the plan:

- A lump sum payment equal to 2.0 multiplied by the sum of (i) his annual salary on the termination date or the CIC date, whichever is higher, and (ii) his target annual incentive bonus for the year in which the termination or the date of the CIC occurs, whichever is higher; and
- A lump sum payment equal to the then cost of COBRA health continuation coverage, based on the level of health care coverage in effect on the termination date, if any, for one year.

Under the Dover LTIP, upon a CIC of Dover (as defined in the Dover LTIP) and if, within 18 months following the date of the CIC, the participant's employment is either involuntarily terminated other than for cause, death or disability, such that the participant is no longer employed by a Dover company or an event or condition that constitutes "good reason" under the LTIP occurs, and the participant subsequently resigns for good reason within applicable time limits and other applicable requirements under the LTIP:

- All Dover options and Dover SSARs immediately vest upon the date of termination and become exercisable in accordance with the terms of the applicable award agreement;
- All Dover cash performance and performance share awards will be deemed to have been earned "at target" as if the performance target had been achieved and such awards will immediately vest and become immediately due and payable on the date of termination; and
- All outstanding restrictions, including any performance targets, on Dover restricted stock or Dover restricted stock unit awards will immediately vest or expire on the date of termination, and be deemed to have been satisfied or earned "at target" as if the performance targets, if any, have been achieved, and the award will become immediately due and payable on the date of termination.

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In the event of a CIC in which a participant's outstanding awards are impaired in value or rights as determined solely in the discretion of Dover's "continuing directors" (as defined in the LTIP), are not assumed by a successor corporation or an affiliate thereof, or are not replaced with an award or grant that, solely in the discretion of Dover's continuing directors, will preserve the existing value of the outstanding awards at the time of the CIC:

- All outstanding Dover options and Dover SSARs will immediately vest on the date of the CIC and become exercisable in accordance with the terms of the applicable award agreement;
- All outstanding Dover performance share awards and cash performance awards will immediately vest and become due and payable on the date of the CIC as follows: the performance period of each such award will terminate on the last day of the month prior to the month in which the CIC occurs; the participant will be entitled to a cash or stock payment, the amount of which will be determined in accordance with the LTIP and the applicable award agreement prorated based on the number of months in the performance period which have passed prior to the CIC as compared to the total number of months in the original performance period; and
- All outstanding restrictions, including any performance targets with respect to any Dover options, Dover SSARs, Dover restricted stock or Dover restricted stock unit awards will immediately vest or expire on the date of the CIC and be deemed to have been satisfied or earned at "target" as if the performance targets, if any, have been achieved and such awards will become immediately due and payable on the date of the CIC.

Each person granted an award under the Dover 2005 Plan or Dover LTIP is deemed to agree that, upon a tender or exchange offer, proxy solicitation or other action seeking to effect a CIC of Dover, he or she will not voluntarily terminate employment with Dover or any of its companies and, unless terminated by Dover, will continue to render services to Dover until the person seeking to effect a CIC of Dover has abandoned, terminated or succeeded in such person's efforts to effect the CIC.

Under the Dover PRP, upon a CIC, each participant will become entitled to receive the actuarial value of the participant's benefit accrued through the date of the CIC. Under the Dover deferred compensation plan, amounts deferred under the plan will continue to accrue any earnings and will be payable in accordance with the elections made by the executive officer.

#### **Employee Benefit Plans**

##### **401(k), Pension Plan and Health & Wellness Plans**

Mr. Somasundaram is able to participate in retirement and benefit plans generally available to Dover's employees on the same terms as other employees. Dover and most of its businesses offer a 401(k) plan to substantially all U.S.-based employees and provide a Dover matching contribution denominated as a percentage of the amount of salary deferred into the plan by a participant during the course of the year. Some of Dover's U.S.-based employees also participate in a tax-qualified defined benefit pension plan. Effective December 31, 2013, Dover closed both its qualified and non-qualified defined benefit retirement plans to new employees. Dover intends to freeze any future benefit accruals in both plans effective December 31, 2023. All of Dover's U.S.-based employees are offered a health and wellness plan (including health, term life and disability insurance). Mr. Somasundaram does not receive enhanced health and wellness benefits.

##### **Non-Qualified Retirement Plans**

Dover offers two non-qualified plans with participation generally limited to individuals whose annual salary and bonus earnings exceed the IRS limits applicable to its qualified plans: the Dover PRP and the Dover deferred

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compensation plan. Effective for 2016, participation in the Dover deferred compensation plan is open to employees with an annual salary equal to or greater than \$175,000.

Mr. Somasundaram participates in the Dover PRP. After December 31, 2009, benefits under the Dover PRP before offsets are determined using the benefit calculation and eligibility criteria as under the pension plan, except that IRS limits on compensation and benefits do not apply. Prior to December 31, 2009, the participants in the Dover PRP accrued benefits greater than those offered in the Dover pension plan. Effective January 1, 2010, Dover modified this plan so that executives subject to IRS compensation limits will accrue future benefits that are substantially the same as benefits under the Dover pension plan. Individuals who participated in the Dover PRP prior to January 1, 2010 will receive benefits calculated under the prior benefit formula through December 31, 2009 and benefits calculated under the lower Dover PRP benefit formula on and after January 1, 2010. Amounts receivable by the executives under the Dover PRP are reduced by any amounts receivable by them under the Dover pension plan, any qualifying profit sharing plan, Dover-paid portion of social security benefits, and the amounts of the Dover match in its 401(k) plan.

Effective December 31, 2013, the Dover PRP was closed to new employees. All eligible employees as of December 31, 2013 will continue to earn Dover PRP benefits through December 31, 2023 as long as they remain employed by Dover and its affiliates. Effective December 31, 2023, Dover intends to eliminate any future benefit accruals consistent with the freezing of benefit accruals under the pension plan.

Dover offers a deferred compensation plan to allow participants to elect to defer their receipt of some or all of their salary, bonuses and any payout of a cash performance award. Mr. Somasundaram is eligible to participate in this plan. The plan permits Dover executive officers to defer receipt of part of their compensation to later periods and facilitates tax planning for the participants. Effective January 1, 2014, the Dover deferred compensation plan was amended to provide for certain matching and additional contributions for participants who do not also participate in the Dover PRP. PRP Participants are not eligible for matching or additional contributions under the Dover deferred compensation plan. Participants are not guaranteed any particular return on deferrals.

#### **Directors' Compensation**

Wellsite's non-employee directors will receive annual compensation in an amount Wellsite's Board of Directors will set from time to time. The compensation will be payable partly in cash and partly in Wellsite common stock, in an allocation Wellsite's Board of Directors may adjust from time to time. Additional information regarding directors' compensation will be provided in a subsequent amendment to the registration statement of which this information statement forms a part.

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## **CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS**

### **Procedures for Approval of Related Person Transactions**

Wellsite expects that it will generally not engage in transactions in which Wellsite's senior executive officers or directors, any of their immediate family members or any of Wellsite's stockholders owning 5% or more of Wellsite's outstanding shares of common stock have a material interest. Should a proposed transaction or series of similar transactions involve any such persons in an amount that exceeds \$120,000, it will be subject to review and approval by the Governance and Nominating Committee in accordance with a written policy and the procedures adopted by Wellsite's Board of Directors in effect as of the distribution date, which Wellsite expects will be available with the governance materials on Wellsite's website at

Under the procedures in effect following the distribution date, management will determine whether a proposed transaction requires review under the policy and, if so, will present the transaction to the Governance and Nominating Committee. The Governance and Nominating Committee will review the relevant facts and circumstances of the transaction and approve or reject the transaction. If the proposed transaction is immaterial or it is impractical or undesirable to defer the proposed transaction until the next committee meeting, the chair of the committee will decide whether to (i) approve the transaction and report the transaction at the next meeting or (ii) call a special meeting of the committee to review and approve the transaction. Should the proposed transaction involve the Chief Executive Officer or enough members of the Governance and Nominating Committee to prevent a quorum, the disinterested members of the committee will review the transaction and make a recommendation to Wellsite's Board of Directors, and disinterested members of the Board will then approve or reject the transaction. Under the procedures in effect following the distribution date, no director may participate in the review of any transaction in which he or she is a related person.

### **The Distribution by Dover**

Dover will distribute all of its shares of Wellsite's common stock to holders of Dover's common stock entitled to such distribution, as described in "The Separation and Distribution" section included elsewhere in this information statement. Completion of the distribution will be subject to satisfaction or waiver of the conditions to the separation and distribution, as described in "The Separation and Distribution—Conditions to the Distribution" section included elsewhere in this information statement.

### **Agreements with Dover**

Following the separation and distribution, Wellsite and Dover will operate separately, each as an independent public company. Prior to the separation and distribution, Wellsite and Dover will enter into a separation and distribution agreement and several other agreements with Dover to effect the separation and provide a framework for Wellsite's relationship with Dover after the separation. These agreements will govern the relationships between Dover and Wellsite subsequent to the completion of the separation and provide for the allocation between Wellsite and Dover of Dover's and Wellsite's assets, employees, liabilities and obligations (including investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after Wellsite's separation from Dover. In addition to the separation and distribution agreement (which contains many of the key provisions related to Wellsite's separation from Dover and the distribution of Wellsite's shares of common stock to Dover stockholders), these agreements include:

- the transition services agreement;
- the tax matters agreement; and
- the employee matters agreement.

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Forms of the material agreements described below will be filed as exhibits to the registration statement of which this information statement forms a part, and the summaries below set forth material terms of such agreements. The summaries of the material agreements are qualified in their entirety by reference to the full text of the applicable agreements, which are incorporated by reference into this information statement.

The terms of the agreements described below that will be in effect following the separation have not yet been finalized; changes to these agreements, some of which may be material, may be made prior to Wellsite's separation from Dover. No changes may be made after Wellsite's separation from Dover without Wellsite's consent.

***The Separation and Distribution Agreement***

The separation and distribution agreement will set forth Wellsite's agreement with Dover regarding the principal transactions necessary to separate Wellsite from Dover. It will also set forth other agreements that govern certain aspects of Wellsite's relationship with Dover after the completion of the separation plan. The parties intend to enter into the separation and distribution agreement immediately before the distribution of Wellsite's common stock to Dover stockholders.

*Transfer of Assets and Assumption of Liabilities.* The separation and distribution agreement will identify assets to be transferred, liabilities to be assumed and contracts to be assigned to each of Wellsite and Dover as part of the reorganization of Dover, and will describe when and how these transfers, assumptions and assignments will occur. In particular, the separation and distribution agreement will provide that, subject to the terms and conditions contained in the separation and distribution agreement:

- Assets exclusively related to and liabilities (including whether accrued, contingent or otherwise) to the extent relating to Dover's upstream energy businesses within its Energy segment will be retained by or transferred to Wellsite or one of Wellsite's subsidiaries.
- All assets (including whether accrued, contingent or otherwise) of Dover, other than the Wellsite assets, and all liabilities (including whether accrued, contingent or otherwise) to the extent relating to Dover's retained business, will be retained by or transferred to Dover or one of its subsidiaries (other than Wellsite or one of Wellsite's subsidiaries).
- Liabilities (including whether accrued, contingent or otherwise) related to, arising out of or resulting from businesses of Dover that were previously terminated or divested will be allocated among the parties to the extent formerly owned or managed by, or associated with, such parties or their respective businesses.
- Each party or one of its subsidiaries will assume or retain any liabilities (including under applicable federal and state securities laws) to the extent relating to, arising out of or resulting from any registration statement or similar disclosure document filed by it relating to the registration, sale or distribution of any security after the separation (including periodic disclosure obligations).
- Each party or one of its subsidiaries will assume or retain any liabilities (including under applicable federal and state securities laws) to the extent relating to, arising out of or resulting from any registration statement or similar disclosure document relating to the registration, sale or distribution of any security prior to the separation (including periodic disclosure obligations) to the extent such liabilities arise out of, or result from, matters related to businesses, operations, assets or liabilities allocated to such party in the separation.
- Dover will assume or retain any liability relating to, arising out of or resulting from any registration statement or similar disclosure document related to the separation (including the Form 10 and this

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information statement), but only to the extent such liability derives from a material misstatement or omission contained in certain portions of this information statement that relate to Dover; Wellsite will assume or retain any other liability relating to, arising out of or resulting from any registration statement or similar disclosure document related to the separation (including the Form 10 and this information statement).

- Except as otherwise provided in the separation and distribution agreement or any ancillary agreement, all out-of-pocket costs and expenses incurred by Dover or Wellsite in connection with the separation will be paid by the party incurring such cost and expense.

The allocation of liabilities with respect to taxes, except for payroll taxes and reporting and other tax matters expressly covered by the employee matters agreement, are solely covered by the tax matters agreement.

Except as may expressly be set forth in the separation and distribution agreement or any ancillary agreement, all assets will be transferred on an “as is,” “where is” basis and the respective transferees will bear the economic and legal risks that any conveyance will prove to be insufficient to vest in the transferee good title, free and clear of any security interest, that any necessary consents or governmental approvals are not obtained and that any requirements of laws, contracts or judgments are not complied with.

Information in this information statement with respect to the assets and liabilities of the parties following the separation is presented based on the allocation of such assets and liabilities pursuant to the separation and distribution agreement, unless the context otherwise requires. Certain of the liabilities and obligations to be assumed by one party or for which one party will have an indemnification obligation under the separation and distribution agreement and the other agreements relating to the separation are, and following the separation may continue to be, the legal or contractual liabilities or obligations of the other party. Each such party that continues to be subject to such legal or contractual liability or obligation will rely on the applicable party that assumed the liability or obligation or the applicable party that undertook an indemnification obligation with respect to the liability or obligation, as applicable, under the separation and distribution agreement, to satisfy the performance and payment obligations or indemnification obligations with respect to such legal or contractual liability or obligation.

*Further Assurances.* To the extent that any transfers of assets or assumptions of liabilities contemplated by the separation and distribution agreement have not been consummated on or prior to the date of the distribution, the parties will agree to cooperate and use commercially reasonable efforts to effect such transfers or assumptions as promptly as reasonably practicable following the date of the distribution. In addition, each of the parties will agree to cooperate with each other and use commercially reasonable efforts to take or to cause to be taken all actions, and to do, or to cause to be done, all things reasonably necessary under applicable law or contractual obligations to consummate and make effective the transactions contemplated by the separation and distribution agreement and the ancillary agreements.

*The Distribution.* The separation and distribution agreement will also govern the rights and obligations of the parties regarding the proposed distribution. Prior to the distribution, Wellsite will distribute to Dover a stock dividend, or Dover and Wellsite will take such other actions, so that, in either case, Dover holds a sufficient number of shares of Wellsite’s common stock to effect the distribution as described in this information statement. Subject to the conditions and other terms of the separation and distribution agreement, on the distribution date, Dover will cause its agent to distribute to Dover stockholders as of the record date for the distribution all the issued and outstanding shares of Wellsite’s common stock held by Dover immediately prior to the distribution date based on the distribution ratio of one share of Wellsite’s common stock for every \_\_\_\_\_ shares of Dover’s common stock. Dover will have the sole and absolute discretion to determine (and change) the terms of, and

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whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the date of the distribution.

*Conditions.* The separation and distribution agreement will provide that the distribution is subject to several conditions that must be satisfied or waived by Dover in its sole discretion. For further information regarding the conditions relating to Wellsite's separation from Dover, see the section entitled "The Separation and Distribution—Conditions to the Distribution."

*Releases and Indemnification.* Except as otherwise provided in the separation and distribution agreement or any ancillary agreement, each party will release and forever discharge the other party and its subsidiaries, affiliates and other related parties from its respective liabilities (as allocated by the separation and distribution agreement) and liabilities in connection with the reorganization, the distribution and any of the other transactions contemplated by the separation and distribution agreement and by the ancillary agreements existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the distribution. The releases will not extend to obligations or liabilities under any agreements between the parties that remain in effect following the separation pursuant to the separation and distribution agreement or any ancillary agreement. In addition, the separation and distribution agreement will provide for cross-indemnities that, except as otherwise provided in the separation and distribution agreement, are principally designed to place financial responsibility for the obligations and liabilities of Wellsite's business with Wellsite and financial responsibility for the obligations and liabilities of Dover's business with Dover. Specifically, each party will, and will cause its subsidiaries and affiliates to, indemnify, defend and hold harmless the other party, its affiliates and subsidiaries and each of its officers, directors, employees and agents for any losses arising out of or otherwise in connection with:

- the liabilities each such party assumed or retained pursuant to the separation and distribution agreement; and
- any breach by such party of the separation and distribution agreement or any ancillary agreement.

Indemnification with respect to taxes will be governed solely by the tax matters agreement.

*Legal Matters.* Except as otherwise set forth in the separation and distribution agreement (or as further described below), each party to the separation and distribution agreement will assume the liability for, and control of, all pending, threatened and future legal matters related to its own business or assumed or retained liabilities and will indemnify the other party for any liability arising out of or resulting from such assumed legal matters. With respect to any third party claims that implicate both Dover and Wellsite (or their respective subsidiaries) the applicable parties will use commercially reasonable efforts to cooperate in defending any such claims.

*Insurance.* Wellsite will be responsible for obtaining and maintaining Wellsite's own insurance coverage and will no longer be an insured party under Dover's insurance policies following the separation, except that, to the extent reasonably possible, Wellsite will continue to have coverage under shared policies for claims arising out of insured events that occurred prior to the distribution.

*Dispute Resolution.* If a dispute arises with Dover under the separation and distribution agreement, the general counsels of the parties and such other representatives as the parties may designate will negotiate to resolve any such dispute for a reasonable period of time. If the parties are unable to resolve the dispute in this manner then, unless otherwise agreed by the parties and except as otherwise set forth in the separation and distribution agreement, the dispute will be resolved through binding arbitration.

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*Term/Termination.* Prior to the distribution date, Dover has the unilateral right to terminate or modify the separation and distribution agreement. After the effective time of the distribution, the term of this agreement is indefinite and it may only be terminated with the prior written consent of Dover and Wellsite.

*Other Matters.* Other matters governed by the separation and distribution agreement include access to financial and other information, intellectual property, confidentiality, access to and provision of records and treatment of outstanding guarantees and similar credit support.

***Transition Services Agreement***

Prior to Wellsite's separation from Dover, Wellsite will enter into a transition services agreement with Dover to provide for an orderly transition to being an independent company. Under the transition services agreement, Dover will agree to provide Wellsite with various services, which may include services relating to human resources, benefits administration, pension administration, payroll, tax compliance and information technology services.

Wellsite will pay a fee to Dover for any services utilized under the transition services agreement at an agreed amount as set forth in the agreement, which fee is generally intended to allow Dover to recover all of its direct and indirect costs, generally without profit. The transition services agreement is being prepared in the context of a parent-subsidiary relationship and in the context of the separation of Dover into two companies. All services to be provided under the transition services agreement will be provided for a specified period of time. After the expiration of the arrangements contained in the transition services agreement, Wellsite may not be able to replace these services in a timely manner or on terms and conditions, including cost, as favorable as those Wellsite has received from Dover. Wellsite is developing a plan to increase its own internal capabilities in the future to reduce its reliance on Dover for these services. Wellsite will have the right to receive reasonable information with respect to the charges to it by Dover and other service providers for transition services provided by them.

***Tax Matters Agreement***

Dover and Wellsite will enter into a tax matters agreement prior to the distribution which will generally govern the respective rights, responsibilities and obligations of Dover and Wellsite after the distribution with respect to taxes for any tax period ending on or before the distribution date, tax periods beginning before and ending after the distribution date, and tax periods beginning after distribution date. Generally, Dover and Wellsite will each be liable for all pre-distribution U.S. federal income taxes, foreign income taxes and non-income taxes imposed on them or any of their subsidiaries (determined following the distribution). The tax matters agreement will provide that Wellsite is generally liable for taxes incurred by Dover that may arise if Wellsite takes, or fails to take, as the case may be, certain actions that may result in the distribution failing to meet the requirements of a tax-free distribution under Section 355 of the Code.

***Employee Matters Agreement***

Prior to Wellsite's separation from Dover, Wellsite will also enter into an employee matters agreement with Dover. The employee matters agreement will allocate assets, liabilities and responsibilities relating to employee compensation and benefit plans and programs and other related matters in connection with the separation, including the treatment of outstanding incentive awards and certain retirement and welfare benefit obligations, both inside and outside of the United States. The treatment of outstanding Dover equity awards and other material provisions of the employee matters agreement will be described in a subsequent amendment to the registration statement of which this information statement forms a part.



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**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

Before the distribution, all of the outstanding shares of Wellsite’s common stock will be owned beneficially and of record by Dover. After the distribution, Dover will not directly or indirectly own any shares of Wellsite’s common stock. The following tables sets forth information with respect to the expected beneficial ownership of Wellsite’s common stock, upon the distribution, by (1) each person who Wellsite believes will be a beneficial owner of 5% or more of Wellsite’s outstanding common stock, (2) each identified director or director nominee and Named Executive Officer of Wellsite and (3) all of Wellsite’s identified directors, director nominees and identified executive officers as a group. Wellsite based the share amounts on each person’s beneficial ownership of Dover’s common stock as of \_\_\_\_\_, unless Wellsite indicates some other basis for the share amounts, and applied a distribution ratio of one share of Wellsite’s common stock for every \_\_\_\_\_ shares of Dover common stock. Wellsite will not issue fractional shares of its common stock in the distribution, and the number of shares calculated below have been reduced to the extent that cash payments are to be made in lieu of the issuance of fractional shares of Wellsite’s common stock.

Except as otherwise noted in the footnotes below, each person or entity identified below is expected to have sole voting and investment power with respect to such securities. Following the distribution, Wellsite is expected to have outstanding an aggregate of approximately \_\_\_\_\_ million shares of common stock based upon approximately \_\_\_\_\_ million shares of Dover common stock outstanding on \_\_\_\_\_, excluding treasury shares and assuming no exercise, vesting or settlement of Dover equity awards in shares of Dover common stock, and applying the distribution ratio of one share of Wellsite’s common stock for every \_\_\_\_\_ shares of Dover common stock. The percentage of the class of Wellsite’s common stock expected to be beneficially owned upon the distribution listed for each such stockholder is calculated based on the number of shares of Wellsite’s common stock expected to be beneficially owned by such stockholder upon the distribution, divided by an aggregate of approximately \_\_\_\_\_ million shares of common stock Wellsite is expected to have outstanding following the distribution. The actual number of shares of Wellsite common stock outstanding immediately following the distribution will be determined on the record date.

To the extent Wellsite’s directors and executive officers own Dover’s common stock as of the record date for the distribution, they will participate in the distribution on the same terms as other holders of Dover’s common stock.

The number of shares beneficially owned by each stockholder, director, director nominee or executive officer is determined according to the rules of the SEC and the information is not necessarily indicative of beneficial ownership for any other purpose.

**Holdings of Major Stockholders**

The following table sets forth information regarding each stockholder who is expected, immediately following the distribution, to beneficially own more than 5% of Wellsite’s common stock (calculated based on such stockholder’s Schedule 13G filing with the SEC with respect to Dover common stock as of the date of the event which required such filing):

<u>Name and Address of Beneficial Owner</u>	<u>Shares of Wellsite’s Common Stock to be Beneficially Owned Upon the Distribution</u>	<u>% of Class</u>

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**Holdings of Directors and Executive Officers**

The following table sets forth the number of shares of Wellsite's common stock beneficially owned, based on the amount of each person's beneficial ownership of Dover's common stock as of \_\_\_\_\_, by (1) each identified director, director nominee and Named Executive Officer of Wellsite and (2) all of Wellsite's identified directors, director nominees and identified executive officers as a group. The address of each person shown in the table below is c/o Wellsite Corporation, 2445 Technology Forest Blvd., Building 4, 9<sup>th</sup> Floor, The Woodlands, Texas 77381.

<u>Name and Address of Beneficial Owner</u>	<u>Shares of Wellsite's Common Stock to be Beneficially Owned Upon the Distribution</u>	<u>% of Class</u>
Sivasankaran Somasundaram		
Directors and executive officers as a group ( _____ persons)		

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## THE SEPARATION AND DISTRIBUTION

### Background

On \_\_\_\_\_, Dover announced its intention to pursue a plan to separate certain assets and liabilities comprising a substantial portion of Dover's upstream energy businesses within its Energy segment.

In furtherance of this plan, on \_\_\_\_\_, the Dover Board of Directors approved the distribution of all of the issued and outstanding shares of Wellsite's common stock on the basis of one share of Wellsite's common stock for every \_\_\_\_\_ shares of Dover's common stock held as of the close of business on \_\_\_\_\_, the record date.

On \_\_\_\_\_, the distribution date, each Dover stockholder will receive one share of Wellsite common stock for every \_\_\_\_\_ shares of Dover common stock held at the close of business on the record date, as described below. Dover stockholders will receive cash in lieu of any fractional shares of Wellsite's common stock which they would have received after application of this ratio. You will not be required to make any payment, surrender or exchange your Dover common stock or take any other action to receive your shares of Wellsite's common stock in the distribution.

The distribution of Wellsite's common stock as described in this information statement is subject to the satisfaction or waiver of certain conditions. For a more detailed description of these conditions, see this section under "—Conditions to the Distribution."

### Reasons for the Separation

The Dover Board of Directors determined that the separation of Wellsite's business from the remainder of Dover's businesses would be in the best interests of Dover and its stockholders and approved the plan of separation. A wide variety of factors were considered by the Dover Board of Directors in evaluating the separation. Among other things, the Dover Board of Directors considered the following potential benefits of the separation:

- *Enhanced strategic and management focus*—The separation will allow each company to more effectively pursue its own distinct operating priorities and strategies, and will enable the management of both companies to pursue separate opportunities for long-term growth and profitability, and to recruit, retain and motivate employees pursuant to compensation policies which are appropriate for their respective lines of business.
- *More efficient allocation of capital*—The separation will permit each company to concentrate its financial resources solely on its own operations, providing greater flexibility to invest capital in its business in a time and manner appropriate for its distinct strategy and business needs. This will facilitate a more efficient allocation of capital.
- *Distinct investment identity*—Dover's Board of Directors believes that Dover's businesses and Wellsite's businesses appeal to different types of investors with different industry focuses, investment goals and risk profiles. Dover and Wellsite have different investment and business characteristics, including different opportunities for growth, capital structures, business models and financial returns. The separation will enable investors to evaluate the merits, performance and future prospects of each company's businesses and to invest in each company separately based on these distinct characteristics.
- *Independent Equity Structure*—The separation will create an independent equity structure that will afford Wellsite direct access to capital markets and will facilitate the ability to capitalize on its unique

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growth opportunities and effect future acquisitions utilizing, among other types of consideration, shares of its common stock. Furthermore, an independent structure should enable each company to provide equity incentive compensation arrangements for its key employees that are directly related to the market performance of each company's common stock. Dover's Board of Directors believes such equity-based compensation arrangements should provide enhanced incentives for performance, and improve the ability for each company to attract, retain and motivate qualified personnel.

Neither Dover nor Wellsite can assure you that, following the separation, any of the benefits described above or otherwise will be realized to the extent anticipated or at all.

The Dover Board of Directors also considered a number of potentially negative factors in evaluating the separation, including the following:

- *Loss of synergies and joint purchasing power and increased costs*—As a current part of Dover, Wellsite takes advantage of Dover's size and purchasing power in procuring certain goods and services. After the separation, as a separate, independent entity, Wellsite may be unable to obtain these goods, services and technologies at prices or on terms as favorable as those Dover obtained prior to the separation. Wellsite may also incur costs for certain functions previously performed by Dover, such as accounting, tax, legal, human resources and other general and administrative functions, that are higher than the amounts reflected in Wellsite's historical financial statements, which could cause Wellsite's profitability to decrease.
- *Disruptions to the business as a result of the separation*—The actions required to separate Dover's and Wellsite's respective businesses could disrupt Wellsite's operations.
- *Increased significance of certain costs and liabilities*—Certain costs and liabilities that were otherwise less significant to Dover as a whole will be more significant for Wellsite as a stand-alone company.
- *One-time costs of the separation*—Wellsite will incur costs in connection with the transition to being a stand-alone public company that may include accounting, tax, legal and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel new to Wellsite, and costs to separate information systems.
- *Inability to realize anticipated benefits of the separation*—Wellsite may not achieve the anticipated benefits of the separation for a variety of reasons, including, among others: (a) the separation will require significant amounts of management's time and effort, which may divert management's attention from operating and growing Wellsite's business; (b) following the separation, Wellsite may be more susceptible to market fluctuations and other events particular to one or more of Wellsite's products than if it were still a part of Dover; and (c) following the separation, Wellsite's business will be less diversified than Dover's business prior to the separation.

The Dover Board of Directors concluded that the potential benefits of the separation outweighed these factors. However, neither Dover nor Wellsite can assure you that, following the separation, any of the benefits described above or otherwise will be realized to the extent anticipated or at all.

**Formation of a Holding Company Prior to the Distribution**

In connection with and prior to the distribution, Dover formed Wellsite as a Delaware corporation for the purpose of transferring to Wellsite certain assets and liabilities, including any entities holding assets and liabilities, comprising a substantial portion of Dover's upstream energy businesses within its Energy segment.

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**The Number of Shares of Wellsite’s Common Stock You Will Receive**

If you are a holder of Dover’s common stock as of the close of business on \_\_\_\_\_, the record date for the distribution, you will be entitled to receive one share of Wellsite’s common stock for every \_\_\_\_\_ shares of Dover’s common stock that you hold at the close of business on such date. Dover will not distribute any fractional shares of Wellsite’s common stock to its stockholders. Instead, Computershare Inc. and Computershare Trust Company, N.A. will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate cash proceeds (net of discounts and commissions) of the sales pro rata (based on the fractional share such holder would otherwise have been entitled to receive) to each holder who otherwise would have been entitled to receive a fractional share in the distribution. Computershare Inc. and Computershare Trust Company, N.A., in their sole discretion, without any influence by Dover or Wellsite, will determine when, how, through which broker-dealer and at what price to sell the whole shares. Any broker-dealer used by the transfer agent will not be an affiliate of either Dover or Wellsite. Neither Wellsite nor Dover will be able to guarantee any minimum sale price in connection with the sale of these shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares.

The aggregate net cash proceeds of these sales will be taxable for U.S. federal income tax purposes. See the section entitled “Material U.S. Federal Income Tax Consequences” for an explanation of the material U.S. federal income tax consequences of the distribution. If you hold physical certificates for Dover’s common stock and are the registered holder, you will receive a check from the distribution agent in an amount equal to your pro rata share of the aggregate net cash proceeds of the sales. Wellsite estimates that it will take approximately two weeks from the distribution date for the distribution agent to complete the distributions of the aggregate net cash proceeds. If you hold your Dover common stock through a bank or brokerage firm, your bank or brokerage firm will receive, on your behalf, your pro rata share of the aggregate net cash proceeds of the sales and will electronically credit your account for your share of such proceeds.

**When and How You Will Receive the Distribution**

With the assistance of the distribution agent, the distribution of Wellsite’s common stock is expected to occur after the close of trading on the NYSE on \_\_\_\_\_, the distribution date, to all holders of outstanding Dover’s common stock as of the close of business on \_\_\_\_\_, the record date. Computershare Trust Company N.A. and Computershare Inc. will serve as the distribution agent in connection with the distribution, and Computershare Trust Company N.A. will serve as the transfer agent and registrar for Wellsite’s common stock. Dover stockholders will receive cash in lieu of any fractional shares of Wellsite’s common stock which they would have been entitled to receive.

If you own Dover’s common stock as of the close of business on the record date, Wellsite’s common stock that you are entitled to receive in the distribution will be issued electronically, as of the distribution date, to you or to your bank or brokerage firm on your behalf in direct registration or book-entry form. If you are a registered holder, Computershare Inc. or Computershare Trust Company, N.A. will then mail you a direct registration account statement that reflects your shares of Wellsite’s common stock. If you hold your shares through a bank or brokerage firm, your bank or brokerage firm will credit your account for the shares. “Direct registration form” refers to a method of recording share ownership when no physical share certificates are issued to stockholders, as is the case in this distribution. Commencing on or shortly after the distribution date, if you hold physical share certificates that represent your Dover common stock and you are the registered holder of the shares represented by those certificates, the distribution agent will mail to you an account statement that indicates the number of shares of Wellsite’s common stock that have been registered in book-entry form in your name. If you sell Dover’s common stock in the “regular-way” market up to and including the distribution date, you will be selling your right to receive shares of Wellsite’s common stock in the distribution.

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Most Dover stockholders hold their common stock through a bank or brokerage firm. In such cases, the bank or brokerage firm would be said to hold the shares in “street name” and ownership would be recorded on the bank or brokerage firm’s books. If you hold your Dover common stock through a bank or brokerage firm, your bank or brokerage firm will credit your account for the Wellsite common stock that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having shares held in “street name,” please contact your bank or brokerage firm.

**Transferability of Shares You Receive**

Shares of Wellsite’s common stock distributed to holders in connection with the distribution will be transferable without registration under the Securities Act, except for shares received by persons who may be deemed to be Wellsite affiliates. Persons who may be deemed to be Wellsite affiliates after the distribution generally include individuals or entities that control, are controlled by or are under common control with Wellsite, which may include certain of Wellsite executive officers, directors or principal stockholders. Securities held by Wellsite affiliates will be subject to resale restrictions under the Securities Act. Wellsite affiliates will be permitted to sell shares of Wellsite’s common stock only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act, such as the exemption afforded by Rule 144 under the Securities Act.

**Results of the Distribution**

After its separation from Dover, Wellsite will be an independent, publicly-traded company. The actual number of shares to be distributed will be determined as of the close of business on \_\_\_\_\_, the record date for the distribution, and will reflect any exercise of Dover options or other equity awards between \_\_\_\_\_, the date the Dover Board of Directors declares the distribution, and the record date for the distribution. The distribution will not affect the number of Dover’s outstanding common stock or any rights of Dover’s stockholders. Dover will not distribute any fractional shares of Wellsite’s common stock.

Before the distribution, Wellsite will enter into a separation and distribution agreement and other agreements with Dover to effect the separation and provide a framework for Wellsite relationship with Dover after the separation. These agreements will provide for the allocation between Dover and Wellsite of Dover’s assets, liabilities and obligations (including employee benefits, intellectual property and tax-related assets and liabilities) attributable to periods prior to Wellsite’s separation from Dover and will govern certain relationships between Dover and Wellsite after the separation. For a more detailed description of these agreements, see the section entitled “Certain Relationships and Related Person Transactions.”

**Market for Wellsite’s Common Stock**

There is currently no public trading market for Wellsite’s common stock. Wellsite intends to apply to have its common stock listed on the NYSE under the symbol “\_\_\_\_\_.” Wellsite has not and will not set the initial price of its common stock. The initial price will be established by the public markets.

Wellsite cannot predict the price at which its common stock will trade after the distribution. In fact, the combined trading prices, after the separation, of the shares of Wellsite’s common stock that each Dover stockholder will receive in the distribution and the Dover common stock held at the record date may not equal the “regular-way” trading price of a share of Dover’s common stock immediately prior to the separation. The price at which Wellsite’s common stock trades may fluctuate significantly, particularly until an orderly public market develops. Trading prices for Wellsite’s common stock will be determined in the public markets and may be influenced by many factors. See the section entitled “Risk Factors—Risks Related to Wellsite’s Common Stock.”

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**Trading Between the Record Date and Distribution Date**

Beginning at least one trading day prior to the record date and continuing up to and including through the distribution date, Dover expects that there will be two markets in Dover's common stock: a "regular-way" market and an "ex-distribution" market. Shares of Dover's common stock that trade on the "regular-way" market will trade with an entitlement to Wellsite's common stock distributed pursuant to the separation. Dover's common stock that trade on the "ex-distribution" market will trade without an entitlement to Wellsite's common stock distributed pursuant to the distribution. Therefore, if you sell Dover's common stock in the "regular-way" market up to and including the distribution date, you will be selling your right to receive Wellsite's common stock in the distribution. If you own Dover's common stock at the close of business on the record date and sell those shares on the "ex-distribution" market up to and including the distribution date, you will receive the shares of Wellsite's common stock that you are entitled to receive pursuant to your ownership as of the record date of the Dover common stock.

Furthermore, Wellsite expects that beginning at least one trading day prior to the record date and continuing up to and including the distribution date there will be a "when-issued" market in its common stock. "When-issued" trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The "when-issued" trading market will be a market for Wellsite's common stock that will be distributed to holders of Dover's common stock on the distribution date. If you owned Dover's common stock at the close of business on the record date, you would be entitled to Wellsite's common stock distributed pursuant to the distribution. You may trade this entitlement to shares of Wellsite's common stock, without the Dover common stock you own, on the "when-issued" market. On the first trading day following the distribution date, "when-issued" trading with respect to Wellsite's common stock will end, and "regular-way" trading will begin.

**Conditions to the Distribution**

Wellsite expects that the distribution will be effective on \_\_\_\_\_, the distribution date, provided that, among other conditions described in this information statement, the following conditions shall have been satisfied or, if permissible under the separation and distribution agreement, waived by Dover:

- The SEC will have declared effective the registration statement of which this information statement forms a part, and no stop order relating to the registration statement will be in effect.
- The NYSE will have approved the listing of Wellsite's common stock on the NYSE, subject to official notice of issuance.
- Dover will have received either (i) the IRS Ruling together with an opinion of McDermott Will & Emery LLP, tax counsel to Dover, substantially to the effect that, among other things, the contribution and the distribution, taken together, will qualify as a tax-free reorganization for U.S. federal income tax purposes under Section 368(a)(1)(D) of the Code, and the distribution will qualify as a tax-free distribution to Dover's shareholders under Section 355 of the Code or (ii) an opinion of McDermott Will & Emery LLP, tax counsel to Dover, substantially to the effect that, among other things, the contribution and the distribution, taken together, will qualify as a tax-free reorganization for U.S. federal income tax purposes under Section 368(a)(1)(D) of the Code and the distribution will qualify as a tax-free distribution to Dover's shareholders under Section 355 of the Code.
- All permits, registrations and consents required under the securities or blue sky laws of states or other political subdivisions of the United States or of other foreign jurisdictions in connection with the distribution will have been received.
- No order, injunction, or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, distribution or any of the related transactions will be in effect, pending, threatened or issued.

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- The reorganization and separation of the Dover and Wellsite businesses prior to the distribution will have been effectuated, except for such reorganization steps that Dover, in its sole discretion, determines may occur after the distribution.
- The Board of Directors of Dover will have declared the distribution and approved all related transactions.
- Wellsite and Dover will have entered into certain agreements in connection with the separation and distribution and Wellsite will have entered into certain financing arrangements prior to or concurrent with the separation.
- All governmental approvals necessary to consummate the distribution will have been received.
- The Board of Directors of Dover will have received an opinion from an independent appraisal firm confirming the solvency of Dover and Wellsite after the distribution and Dover's compliance with surplus requirements under Delaware law.
- No events or developments shall have occurred or exist that, in the sole and absolute judgment of the Dover Board of Directors, make it inadvisable to effect the distribution or would result in the distribution and related transactions not being in the best interest of Dover or its stockholders.

The fulfillment of the foregoing conditions does not create any obligations on Dover's part to effect the distribution, and the Dover Board of Directors has reserved the right, in its sole discretion, to amend, modify or abandon the distribution and related transactions at any time prior to the distribution date.



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**MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES**

The following is a summary of the material U.S. federal income tax consequences of the contribution by Dover of the assets of the Wellsite businesses to Wellsite and the distribution by Dover of Wellsite's shares to Dover's stockholders (i.e., the separation). This summary is based on the Code, the Treasury Regulations promulgated thereunder, and judicial and administrative interpretations thereof, all as in effect as of the date of this information statement and all of which are subject to differing interpretations and may change at any time, possibly with retroactive effect. Any such change could affect the tax consequences described below. This summary assumes that the separation will be consummated in accordance with the Separation and Distribution Agreement and as described in this information statement.

This summary is limited to holders of shares of Dover's common stock that are U.S. Holders, as defined immediately below, and thus does not apply to a holder that is not a U.S. Holder. For purposes of this summary, a U.S. Holder is a beneficial owner of Dover's common stock that is, for U.S. federal income tax purposes:

- an individual who is a citizen or a resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States or any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (1) a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or (2) in the case of a trust that was treated as a domestic trust under the law in effect before 1997, a valid election is in place under applicable U.S. Treasury Regulations.

This summary does not purport to be a complete description of all U.S. federal income tax consequences of the separation, nor does it address the consequences to stockholders subject to special treatment under the U.S. federal income tax laws, such as:

- dealers or traders in securities or currencies;
- tax-exempt entities;
- cooperatives;
- banks, trusts, financial institutions, or insurance companies;
- persons who acquired shares of Dover's common stock pursuant to the exercise of employee stock options or otherwise as compensation;
- stockholders who own, or are deemed to own, at least 10% or more, by voting power or value, of Dover equity;
- holders owning Dover's common stock as part of a position in a straddle or as part of a hedging, conversion, constructive sale, synthetic security, integrated investment, or other risk reduction transaction for U.S. federal income tax purposes;
- certain former citizens or former long-term residents of the United States;
- holders who are subject to the alternative minimum tax; or
- persons that own Dover's common stock through partnerships or other pass-through entities.

This summary does not address the U.S. federal income tax consequences to Dover stockholders who do not hold shares of Dover's common stock as a capital asset. Moreover, this summary does not address any state, local, or foreign tax consequences or any estate, gift or other non-income tax consequences.

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If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds shares of Dover's common stock, the tax treatment of a partner in that partnership generally will depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its own tax advisor as to the tax consequences of the distribution.

**YOU SHOULD CONSULT YOUR OWN TAX ADVISOR WITH RESPECT TO THE SPECIFIC U.S. FEDERAL, STATE AND LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE SEPARATION IN LIGHT OF YOUR PARTICULAR CIRCUMSTANCES, WHICH CONSEQUENCES MAY DIFFER FROM THOSE DESCRIBED IN THIS INFORMATION STATEMENT (THESE DIFFERENCES MAY INCLUDE, AMONG OTHERS, TREATING THE DISTRIBUTION AS A TAXABLE TRANSACTION UNDER APPLICABLE NON-U.S. TAX LAWS), AND THE EFFECT OF POSSIBLE CHANGES IN LAW THAT MIGHT AFFECT THE TAX CONSEQUENCES DESCRIBED IN THIS INFORMATION STATEMENT.**

*Treatment of the Separation*

It is a condition to the completion of the distribution that Dover receive either (i) the IRS Ruling together with an opinion of McDermott Will & Emery LLP, tax counsel to Dover, substantially to the effect that, among other things, the contribution and the distribution, taken together, will qualify as a tax-free reorganization for U.S. federal income tax purposes under Section 368(a)(1)(D) of the Code, and the distribution will qualify as a tax-free distribution to Dover's shareholders under Section 355 of the Code or (ii) an opinion of McDermott Will & Emery LLP, tax counsel to Dover, substantially to the effect that, among other things, the contribution and the distribution, taken together, will qualify as a tax-free reorganization for U.S. federal income tax purposes under Section 368(a)(1)(D) of the Code and the distribution will qualify as a tax-free distribution to Dover's shareholders under Section 355 of the Code. Even if the IRS Ruling is obtained, Dover does not currently intend to complete the transaction if it has not also obtained a tax opinion because, as a result of the IRS's ruling policy as in effect for purposes of the IRS Ruling, the IRS will not rule on whether a distribution satisfies certain critical requirements necessary to obtain tax-free treatment under the Code. Specifically, the IRS will not rule that a distribution was effected for a valid business purpose, that a distribution does not constitute a device for the distribution of earnings and profits, or that a distribution is not part of a plan described in Section 355(e) of the Code. Consequently, the IRS Ruling (if obtained) will be based on representations made to the IRS by Dover that these requirements have been satisfied. In addition, although the IRS Ruling (if obtained) generally would be binding on the IRS, the IRS Ruling will be based on certain facts and assumptions, and certain representations and undertakings from Dover and Wellsite that certain necessary conditions to obtain tax-free treatment under the Code have been satisfied. If any of the facts, representations, assumptions, or undertakings described or made in connection with the IRS Ruling (if obtained) are not correct, are incomplete or have been violated, the IRS Ruling (if obtained) could be revoked retroactively or modified by the IRS.

Dover expects to obtain a tax opinion from McDermott Will & Emery LLP that will be based on an analysis of all of the requirements necessary to obtain tax-free treatment under the Code, including those as to which the IRS will not rule. As noted above, the opinion is expected to conclude that, among other things, the contribution and distribution, taken together, will qualify as a tax-free reorganization for U.S. federal income tax purposes under Section 368(a)(1)(D) of the Code, and the distribution will qualify as a tax-free distribution to Dover's shareholders under Section 355 of the Code.

Assuming the separation qualifies as tax-free under Sections 368(a)(1)(D) and 355 of the Code, for U.S. federal income tax purposes:

- no gain or loss will be recognized by Dover or Wellsite as a result of the separation except for possible gain or loss arising out of the internal restructuring transactions undertaken in connection with the separation and with respect to certain items required to be taken into account under U.S. Treasury Regulations relating to consolidated U.S. federal income tax returns;

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- no gain or loss will be recognized by, or be includible in the income of, a U.S. Holder of Dover's common stock solely as a result of the receipt of Wellsite's common stock in the distribution, except with respect to any cash received in lieu of a fractional share of Wellsite's common stock (as described below);
- the aggregate tax basis of the shares of Dover's common stock and shares of Wellsite's common stock in the hands of each Dover stockholder immediately after the distribution (including any fractional share interest in Wellsite's common stock for which cash is received) will be the same as the aggregate tax basis of the shares of Dover's common stock held by such holder immediately before the distribution, allocated between the shares of Dover's common stock and shares of Wellsite's common stock in proportion to their relative fair market values immediately following the distribution;
- the holding period with respect to shares of Wellsite's common stock received by each Dover stockholder (including any fractional share interest in Wellsite's common stock for which cash is received) will include the holding period of such stockholder's shares of Dover's common stock, provided that such shares of Dover's common stock are held as a capital asset immediately following the distribution; and
- a Dover stockholder who receives cash in lieu of a fractional share of Wellsite's common stock in the distribution will be treated as having sold such fractional share for cash, and will recognize capital gain or loss in an amount equal to the difference between the amount of cash received and the stockholder's adjusted tax basis in the fractional share. That gain or loss will be long-term capital gain or loss if the stockholder's holding period for its shares of Dover's common stock exceeds one year at the time of the distribution.

Dover stockholders that have acquired different blocks of Dover's common stock at different times or at different prices should consult their tax advisors regarding the allocation of their aggregate adjusted basis among, and their holding period of, Wellsite's shares distributed with respect to such blocks of Dover's common stock.

Any tax opinion received from outside tax counsel to Dover is not expected to be issued until after the date of this information statement. An opinion of counsel represents counsel's best legal judgment based on current law and is not binding on the IRS or any court. Wellsite cannot assure you that the IRS will agree with the conclusions set forth in any tax opinion, and it is possible that the IRS or another tax authority could adopt a position contrary to one or all of those conclusions and that a court could sustain that contrary position. If any of the facts, representations, assumptions, or undertakings described or made in connection with the IRS Ruling (if obtained) or any tax opinion are not correct, are incomplete or have been violated, the IRS Ruling (if obtained) could be revoked retroactively or modified by the IRS, and Wellsite's ability to rely on such tax opinion could be jeopardized. Wellsite is not aware of any facts or circumstances, however, that would cause these facts, representations, or assumptions to be untrue or incomplete, or that would cause any of these undertakings to fail to be complied with, in any material respect.

Notwithstanding receipt by Dover of the IRS Ruling (if obtained) and the opinion of tax counsel, the IRS could assert that the distribution does not qualify for tax-free treatment for U.S. federal income tax purposes. If the IRS were successful in taking this position, Dover stockholders and Dover could be subject to significant U.S. federal income tax liability. In general, Dover would recognize gain in an amount equal to the excess, if any, of the fair market value of Wellsite's common stock distributed to Dover stockholders on the distribution date over Dover's tax basis in such shares. In addition, each Dover stockholder that receives shares of Wellsite's common stock in the separation could be treated as receiving a taxable distribution from Dover in an amount equal to the fair market value of Wellsite's common stock that was distributed to the stockholder, which generally would be taxed as a dividend to the extent of the stockholder's pro rata share of Dover's current and accumulated earnings and profits, including Dover's taxable gain, if any, on the distribution, then treated as a

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non-taxable return of capital to the extent of the stockholder's basis in the Dover stock and thereafter treated as capital gain from the sale or exchange of Dover stock. Also, if the IRS were successful in taking this position, Wellsite might be required to indemnify Dover under the circumstances set forth in the tax matters agreement, and such indemnification obligation could materially adversely affect Wellsite's financial position.

Under the tax matters agreement between Dover and Wellsite, Dover will agree to make protective elections under Section 336(e) of the Code for Wellsite and some or all of its domestic subsidiaries with respect to the distribution. If, notwithstanding the IRS Ruling (if obtained) and the opinion of tax counsel, the distribution fails to qualify as tax-free under Section 355 of the Code, the Section 336(e) elections would generally cause deemed sales of the assets of Wellsite and its electing subsidiaries, causing the Dover group to recognize a gain to the extent the fair market value of the assets exceeded the basis of Wellsite and its electing subsidiaries in such assets. In such case, to the extent that Dover is responsible for the resulting transaction taxes, Wellsite generally would be required under the tax matters agreement to make periodic payments to Dover equal to the tax savings arising from a "step up" in the tax basis of Wellsite's assets.

Even if the separation otherwise qualifies for tax-free treatment under Sections 368(a)(1)(D) and 355 of the Code, the separation may result in corporate level taxable gain to Dover under Section 355(e) of the Code if 50% or more, by vote or value, of Wellsite's stock or Dover's stock is treated as acquired or issued as part of a plan or series of related transactions that includes the distribution. For this purpose, any acquisitions of Dover's common stock or Wellsite's common stock within the period beginning two years before the distribution and ending two years after the distribution are presumed to be part of such a plan but such presumption may be rebutted. If an acquisition or issuance of Wellsite's stock or Dover's stock triggers the application of Section 355(e) of the Code, Dover would recognize taxable gain as described above, but the distribution would be tax-free to each Dover stockholder; however, Wellsite may be required to indemnify Dover for all or a portion of the resulting tax arising from an acquisition or issuance of Wellsite's stock pursuant to the tax matters agreement to be entered into in connection with the separation. For a description of the tax matters agreement, see the section entitled "Certain Relationships and Related Person Transactions—Agreements with Dover—Tax Matters Agreement."

U.S. Treasury Regulations require certain stockholders that receive stock in a distribution to attach a detailed statement setting forth certain information relating to the distribution to their respective U.S. federal income tax returns for the year in which the distribution occurs. Within a reasonable period after the distribution, Dover will provide stockholders who receive Wellsite's common stock in the distribution with the information necessary to comply with such requirement. In addition, all stockholders are required to retain permanent records relating to the amount, basis, and fair market value of Wellsite's common stock received in the distribution and to make those records available to the IRS upon request of the IRS.

**THE FOREGOING IS A SUMMARY OF THE MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION UNDER CURRENT LAW AND IS FOR GENERAL INFORMATION ONLY. THE FOREGOING DOES NOT PURPORT TO ADDRESS ALL U.S. FEDERAL INCOME TAX CONSEQUENCES OR TAX CONSEQUENCES THAT MAY ARISE UNDER THE TAX LAWS OF OTHER JURISDICTIONS OR THAT MAY APPLY TO PARTICULAR CATEGORIES OF STOCKHOLDERS, WHICH CONSEQUENCES MAY DIFFER FROM THOSE DESCRIBED IN THE FOREGOING (THESE DIFFERENCES MAY INCLUDE, AMONG OTHERS, TREATING THE DISTRIBUTION AS A TAXABLE TRANSACTION UNDER APPLICABLE NON-U.S. TAX LAWS). EACH DOVER STOCKHOLDER SHOULD CONSULT ITS TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES OF THE DISTRIBUTION TO SUCH STOCKHOLDER, INCLUDING THE APPLICATION OF U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS AND THE EFFECT OF POSSIBLE CHANGES IN TAX LAWS THAT MAY AFFECT THE TAX CONSEQUENCES DESCRIBED ABOVE.**

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**DESCRIPTION OF INDEBTEDNESS**

Information regarding Wellsite's indebtedness following its separation from Dover will be provided in subsequent amendments to the registration statement of which this information statement forms a part.

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## DESCRIPTION OF WELLSITE CAPITAL STOCK

*Wellsite's certificate of incorporation and by-laws will be amended and restated prior to the separation. The following is a summary of the material terms of Wellsite's capital stock that will be contained in the amended and restated certificate of incorporation and by-laws. The summaries and descriptions below do not purport to be complete statements of the relevant provisions of the certificate of incorporation or of the by-laws to be in effect at the time of the distribution. The summary is qualified in its entirety by reference to these documents, which you should read (along with the applicable provisions of Delaware law) for complete information on Wellsite's capital stock at the time of the distribution. The certificate of incorporation and by-laws to be in effect at the time of the distribution will be included as exhibits to the registration statement on Form 10, of which this information statement is a part.*

### Authorized Capital Stock

Immediately following the distribution, Wellsite's authorized capital stock will consist of \_\_\_\_\_ shares of common stock, par value \$0.01 per share, and \_\_\_\_\_ shares of preferred stock, par value \$0.01 per share.

### Common Stock

Immediately following the distribution, Wellsite expects that approximately \_\_\_\_\_ million shares of its common stock will be issued and outstanding based upon approximately \_\_\_\_\_ million shares of Dover's common stock outstanding as of \_\_\_\_\_. All outstanding shares of Wellsite's common stock, when issued, will be fully paid and non-assessable.

Each holder of Wellsite's common stock will be entitled to one vote for each share on all matters to be voted upon by the common stockholders. The holders of Wellsite's common stock will not be entitled to cumulative voting of their shares in elections of directors. Subject to any preferential rights of any outstanding preferred stock, holders of Wellsite's common stock will be entitled to receive ratably the dividends, if any, as may be declared from time to time by its Board of Directors out of funds legally available for that purpose. If there is a liquidation, dissolution or winding up of Wellsite, holders of its common stock would be entitled to ratable distribution of its assets remaining after the payment in full of liabilities and any preferential rights of any outstanding preferred stock.

Holders of Wellsite's common stock will have no preemptive or conversion rights or other subscription rights, and there are no redemption or sinking fund provisions applicable to the common stock. The rights, preferences and privileges of the holders of Wellsite's common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that Wellsite may designate and issue in the future.

### Preferred Stock

Wellsite's amended and restated certificate of incorporation will authorize the Wellsite Board of Directors, without further action by Wellsite's stockholders, to issue shares of preferred stock and to fix by resolution the designations, preferences and relative, participating, optional or other special rights, and such qualifications, limitations or restrictions thereof, including, without limitation, redemption rights, dividend rights, liquidation preferences and conversion or exchange rights of any class or series of preferred stock, and to fix the number of classes or series of preferred stock, the number of shares constituting any such class or series and the voting powers for each class or series.

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The authority possessed by Wellsite's Board of Directors to issue preferred stock could potentially be used to discourage attempts by third parties to obtain control of Wellsite through a merger, tender offer, proxy contest or otherwise by making such attempts more difficult or more costly. Wellsite's Board of Directors may issue preferred stock with voting rights or conversion rights that, if exercised, could adversely affect the voting power of the holders of the common stock. There are no current agreements or understandings with respect to the issuance of preferred stock and Wellsite's Board of Directors has no present intention to issue any shares of preferred stock.

**Anti-Takeover Effects of Wellsite's Amended and Restated Certificate of Incorporation and Amended and Restated By-laws and Delaware Law**

Provisions of the DGCL and Wellsite's amended and restated certificate of incorporation and amended and restated by-laws could make it more difficult to acquire Wellsite by means of a tender offer, a proxy contest or otherwise, or to remove incumbent officers and directors. These provisions, summarized below, are expected to discourage certain types of coercive takeover practices and takeover bids that its Board of Directors may consider inadequate and to encourage persons seeking to acquire control of Wellsite to first negotiate with Wellsite's Board of Directors. Wellsite believes that the benefits of increased protection of its ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure it outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

*Classified Board.* Wellsite's amended and restated certificate of incorporation and amended and restated by-laws will provide that, until the third annual meeting of its stockholders after the separation, its Board of Directors will be divided into three classes. At the time of the separation, Wellsite's Board of Directors will be divided into three approximately equal classes. The directors designated as Class I directors will have terms expiring at the first annual meeting of stockholders following the distribution, which Wellsite expects to hold in 2019. The directors designated as Class II directors will have terms expiring at the second annual meeting of stockholders, which Wellsite expects to hold in 2020, and the directors designated as Class III directors will have terms expiring at the third annual meeting of stockholders, which Wellsite expects to hold in 2021. Commencing with the first annual meeting of stockholders following the separation, directors elected to succeed those directors whose terms then expire will be elected for a term of office to expire at the 2022 annual meeting. Beginning at the 2022 annual meeting, all of Wellsite's directors will stand for election each year for annual terms, and Wellsite's Board of Directors will therefore no longer be divided into three classes. Members of the Board of Directors will be elected by a plurality of the votes cast at each annual meeting of stockholders. Before the Board of Directors is declassified, it would take at least two elections of directors for any individual or group to gain control of Wellsite's Board of Directors. Accordingly, while the classified board is in effect, these provisions could discourage a third party from initiating a proxy contest, making a tender offer or otherwise attempting to gain control of Wellsite.

*Removal of Directors.* Wellsite's amended and restated certificate of incorporation and by-laws will provide that (i) prior to Wellsite's Board of Directors being declassified as discussed above, its stockholders may only remove a director for cause and (ii) after Wellsite's Board of Directors has been fully declassified, its stockholders may remove a director with or without cause. Removal will require the affirmative vote of holders of a majority of the shares of voting common stock.

*Size of Board and Vacancies.* Wellsite's amended and restated certificate of incorporation and amended and restated by-laws will provide that the number of directors on its Board of Directors will be not less than three nor more than fifteen, with the exact number of directors to be fixed exclusively by the Board of Directors. Any vacancies created in its Board of Directors resulting from any increase in the authorized number of directors or

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the death, resignation, retirement, disqualification, removal from office or other cause will be filled by a majority of the Board of Directors then in office, even if less than a quorum is present, or by a sole remaining director. Any director appointed to fill a vacancy on Wellsite's Board of Directors will be appointed for a term expiring at the next election of the class for which such director has been appointed, and until his or her successor has been elected and qualified.

*Special Stockholder Meetings.* Wellsite's amended and restated certificate of incorporation will provide that only the chairman of its Board of Directors, its chief executive officer or its Board of Directors pursuant to a resolution adopted by a majority of the entire Board of Directors may call special meetings of Wellsite stockholders. Stockholders may not call special stockholder meetings.

*Stockholder Action by Written Consent.* Wellsite's amended and restated certificate of incorporation will expressly eliminate the right of its stockholders to act by written consent. Stockholder action must take place at the annual or a special meeting of Wellsite stockholders.

*Requirements for Advance Notification of Stockholder Nominations and Proposals.* Wellsite's amended and restated by-laws will establish advance notice procedures with respect to stockholder proposals and nomination of candidates for election as directors other than nominations made by or at the direction of its Board of Directors or a committee of its Board of Directors.

*No Cumulative Voting.* The DGCL provides that stockholders are denied the right to cumulate votes in the election of directors unless the company's certificate of incorporation provides otherwise. Wellsite's amended and restated certificate of incorporation will not provide for cumulative voting.

*Delaware Anti-Takeover Statute.* Upon the distribution, Wellsite will be subject to Section 203 of the DGCL, an anti-takeover statute. In general, Section 203 of the DGCL provides that, subject to exceptions set forth therein, an interested stockholder of a Delaware corporation shall not engage in any business combination, including mergers or consolidations or acquisitions of additional shares of the corporation, with the corporation for a three-year period following the date that the stockholder becomes an interested stockholder unless:

- prior to that date, the Board of Directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85 percent of the voting stock of the corporation outstanding at the time the transaction commenced, other than statutorily excluded shares; or
- on or subsequent to such date, the business combination is approved by the Board of Directors of the corporation and authorized at an annual or special meeting of stockholders by the affirmative vote of at least 66-2/3 percent of the outstanding voting stock which is not owned by the interested stockholder.

Except as otherwise set forth in Section 203, an interested stockholder is defined to include (i) any person that is the owner of 15 percent or more of the outstanding voting stock of the corporation, or is an affiliate or associate of the corporation and was the owner of 15 percent or more of the outstanding voting stock of the corporation at any time within three years immediately prior to the date of determination; and (ii) the affiliates and associates of any such person.

Section 203 may make it more difficult for a person who would be an interested stockholder to effect various business combinations with a corporation for a three-year period. The provisions of Section 203 may encourage persons interested in acquiring Wellsite to negotiate in advance with Wellsite's Board of Directors,



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because the stockholder approval requirement would be avoided if a majority of the directors then in office approve either the business combination or the transaction which results in any such person becoming an interested stockholder. These provisions also may have the effect of preventing changes in Wellsite's management. It is possible that these provisions could make it more difficult to accomplish transactions which Wellsite's stockholders may otherwise deem to be in their best interests.

*Amendments to Certificate of Incorporation.* Wellsite's amended and restated certificate of incorporation will provide that the provisions of the amended and restated certificate of incorporation may only be amended by the vote of a majority of the voting power of the outstanding voting stock, except that Wellsite's amended and restated certificate of incorporation will provide that the affirmative vote of the holders of at least 80 percent of its voting stock then outstanding is required to amend certain provisions relating to:

- cumulative voting;
- amendment of the amended and restated by-laws;
- the size, classification, election, removal, nomination and filling of vacancies with respect to the Wellsite Board of Directors;
- stockholder action by written consent and ability to call special meetings of stockholders;
- director and officer indemnification; and
- any provision relating to the amendment of any of these provisions.

The provisions of Wellsite's amended and restated certificate of incorporation relating to the 80 percent voting threshold will be of no force and effect effective as of the completion of the third annual meeting of stockholders after the separation, which Wellsite expects to hold in 2021. Wellsite's amended and restated certificate of incorporation may thereafter be amended by the affirmative vote of the holders of at least a majority of its voting stock then outstanding.

*Amendments to By-Laws.* Wellsite's amended and restated certificate of incorporation and amended and restated by-laws will provide that the by-laws may be amended by Wellsite's Board of Directors or by the affirmative vote of at least 80 percent of Wellsite's voting stock then outstanding. The provisions of Wellsite's amended and restated certificate of incorporation and amended and restated by-laws relating to the 80 percent voting threshold will be of no force and effect effective as of the completion of the third annual meeting of stockholders after the separation, which Wellsite expects to hold in 2021. Wellsite's amended and restated by-laws may thereafter be amended by the affirmative vote of the holders of at least a majority of its voting stock then outstanding.

*Undesignated Preferred Stock.* The authority that Wellsite's Board of Directors will possess to issue preferred stock could potentially be used to discourage attempts by third parties to obtain control of Wellsite through a merger, tender offer, proxy contest or otherwise by making such attempts more difficult or more costly. Wellsite's Board of Directors may be able to issue preferred stock with voting rights or conversion rights that, if exercised, could adversely affect the voting power of the holders of common stock.

**Limitations on Liability, Indemnification of Officers and Directors and Insurance**

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties as directors, and Wellsite's amended and restated certificate of incorporation will include such an exculpation provision. Wellsite's amended and restated certificate of incorporation and by-laws will include provisions that indemnify,

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to the fullest extent allowable under the DGCL, the personal liability of directors or officers for monetary damages for actions taken as a director or officer of Wellsite, or for serving at Wellsite's request as a director or officer or another position at another corporation or enterprise, as the case may be. Wellsite's amended and restated certificate of incorporation and by-laws will also provide that Wellsite must indemnify and advance reasonable expenses to its directors and officers, subject to its receipt of an undertaking from the indemnified party as may be required under the DGCL. Wellsite's amended and restated certificate of incorporation will expressly authorize Wellsite to carry directors' and officers' insurance to protect Wellsite, its directors, officers and certain employees for some liabilities.

The limitation of liability and indemnification provisions that will be in Wellsite's amended and restated certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against Wellsite's directors and officers, even though such an action, if successful, might otherwise benefit Wellsite and its stockholders. However, these provisions will not limit or eliminate Wellsite's rights, or those of any stockholder, to seek non-monetary relief such as injunction or rescission in the event of a breach of a director's duty of care. The provisions will not alter the liability of directors under the federal securities laws. In addition, your investment may be adversely affected to the extent that, in a class action or direct suit, Wellsite pays the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

**Exclusive Forum**

Wellsite's amended and restated certificate of incorporation will provide that unless Wellsite's Board of Directors otherwise determines, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of Wellsite, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director or officer of Wellsite to Wellsite or Wellsite's stockholders, creditors or other constituents, (iii) any action asserting a claim against Wellsite or any director or officer of Wellsite arising pursuant to any provision of the DGCL or Wellsite's amended and restated certificate of incorporation or by-laws or (iv) any action asserting a claim against Wellsite or any director or officer of Wellsite governed by the internal affairs doctrine. However, if (and only if) the Court of Chancery of the State of Delaware dismisses any such action for lack of subject matter jurisdiction, the action may be brought in another court sitting in the State of Delaware.

**Authorized but Unissued Shares**

Wellsite's authorized but unissued shares of common stock and preferred stock will be available for future issuance without stockholder approval. Wellsite may use additional shares for a variety of purposes, including future public offerings to raise additional capital, to fund acquisitions and as employee compensation. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of Wellsite by means of a proxy contest, tender offer, merger or otherwise.

**Listing**

Wellsite intends to apply to have its shares of common stock listed on the NYSE under the symbol “ .”

**Sale of Unregistered Securities**

On October 10, 2017, Wellsite issued 100 shares of common stock, par value \$0.01 per share, to Dover for total consideration of \$100.00 in cash. Wellsite did not register the issuance of these shares under the Securities

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Act because such issuance did not constitute a public offering and therefore was exempt from registration pursuant to Section 4(a)(2) of the Securities Act.

**Transfer Agent and Registrar**

After the distribution, the transfer agent and registrar for Wellsite's common stock will be Computershare Trust Company, N.A.

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#### **WHERE YOU CAN FIND MORE INFORMATION**

Wellsite has filed a registration statement on Form 10 with the SEC with respect to the shares of Wellsite common stock being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits and schedules to the registration statement. For further information with respect to Wellsite and its common stock, please refer to the registration statement, including its exhibits and schedules. Statements made in this information statement relating to any contract or other document are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, at the SEC's public reference room, located at 100 F Street, N.E., Washington, D.C. 20549, by calling the SEC at 1-800-SEC-0330 as well as on the Internet website maintained by the SEC at [www.sec.gov](http://www.sec.gov). Information contained on any website referenced in this information statement is not incorporated by reference in this information statement.

As a result of the distribution, Wellsite will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, will file periodic reports, proxy statements and other information with the SEC.

Wellsite intends to furnish holders of its common stock with annual reports containing consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or to which this information statement has referred you. Wellsite has not authorized any person to provide you with different information or to make any representation not contained in this information statement.

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**Report of Independent Registered Public Accounting Firm**

The accompanying Wellsite Corporation financial statements give effect to a segment change, described in Note 15 to the combined financial statements, which occurred during the fourth quarter of 2017. Upon issuance of financial statements which include the date of the segment change, we will be in a position to furnish the following report.

/s/ PricewaterhouseCoopers LLP

Chicago, Illinois  
December 4, 2017

“Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Dover Corporation (“Dover”)

In our opinion, the accompanying combined balance sheets and the related combined statements of earnings, comprehensive earnings, of stockholders’ equity and of cash flows present fairly, in all material respects, the financial position of Wellsite Corporation (the “Company”), a substantial portion of Dover’s upstream energy businesses within its Energy segment, as of December 31, 2016 and December 31, 2015, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related combined financial statements. These financial statements and financial statement schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Chicago, Illinois

December 4, 2017, except for the effects of the change in segments described in Note 15, as to which the date is \_\_\_\_\_”

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**WELLSITE CORPORATION**  
**COMBINED STATEMENTS OF EARNINGS**  
(In thousands)

	<b>Years Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Revenue</b>	<b>\$751,337</b>	<b>\$1,076,680</b>
Cost of goods and services	510,842	693,702
<b>Gross profit</b>	<b>240,495</b>	<b>382,978</b>
Selling, general and administrative expenses	250,576	294,062
<b>Operating (loss) earnings</b>	<b>(10,081)</b>	<b>88,916</b>
Other expense, net	8,753	11,651
<b>(Loss) earnings before (benefit from) provision for income taxes</b>	<b>(18,834)</b>	<b>77,265</b>
(Benefit from) provision for income taxes	(8,043)	24,131
<b>Net (loss) earnings</b>	<b>(10,791)</b>	<b>53,134</b>
Less: Net earnings attributable to noncontrolling interest	1,851	1,436
<b>Net (loss) earnings attributable to Company</b>	<b>\$ (12,642)</b>	<b>\$ 51,698</b>

See Notes to Combined Financial Statements

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**WELLSITE CORPORATION**  
**COMBINED STATEMENTS OF COMPREHENSIVE EARNINGS**  
(In thousands)

	<u>Years Ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
<b>Net (loss) earnings attributable to Company</b>	<u>\$ (12,642)</u>	<u>\$ 51,698</u>
<b>Other comprehensive (loss) earnings, net of tax</b>		
Foreign currency translation gain (loss)	953	(11,691)
Pension and other post-retirement benefit plans:		
Actuarial loss	(123)	(485)
Prior service cost	—	(6)
Amortization of actuarial losses included in net periodic pension cost	234	221
Amortization of prior service costs included in net periodic pension cost	1	1
Total pension and other post-retirement benefit plans	112	(269)
Other comprehensive earnings (loss), net of tax	1,065	(11,960)
<b>Comprehensive (loss) earnings attributable to Company</b>	<u>\$ (11,577)</u>	<u>\$ 39,738</u>

See Notes to Combined Financial Statements



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**WELLSITE CORPORATION**  
**COMBINED BALANCE SHEETS**  
(In thousands)

	December 31, 2016	December 31, 2015
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 26,027	\$ 10,417
Receivables, net of allowances of \$5,634 and \$4,431	139,485	169,976
Inventories	184,558	216,656
Prepaid and other current assets	6,251	8,721
Total current assets	<u>356,321</u>	<u>405,770</u>
Property, plant and equipment, net	201,747	232,886
Goodwill	902,579	901,928
Intangible assets, net	386,817	438,520
Other assets and deferred charges	3,431	4,275
<b>Total assets</b>	<u>\$ 1,850,895</u>	<u>\$ 1,983,379</u>
<b>Liabilities and Equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 66,280	\$ 76,607
Accrued compensation and employee benefits	24,788	26,840
Other accrued expenses	21,626	24,507
Total current liabilities	<u>112,694</u>	<u>127,954</u>
Deferred income taxes	167,565	188,022
Other liabilities	19,283	22,410
<b>Equity:</b>		
Parent Company investment in Wellsite	1,579,951	1,674,559
Accumulated other comprehensive loss	(33,629)	(34,694)
Total Parent Company equity	<u>1,546,322</u>	<u>1,639,865</u>
Noncontrolling interest	5,031	5,128
Total equity	<u>1,551,353</u>	<u>1,644,993</u>
<b>Total liabilities and equity</b>	<u>\$ 1,850,895</u>	<u>\$ 1,983,379</u>

See Notes to Combined Financial Statements

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**WELLSITE CORPORATION**  
**COMBINED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(In thousands)

	<u>Parent Company Investment</u>	<u>Accumulated Other Comprehensive (Loss) Earnings</u>	<u>Total Parent Company Equity</u>	<u>Noncontrolling Interest</u>	<u>Total Equity</u>
<b>Balance at December 31, 2014</b>	<u>\$1,815,910</u>	<u>\$ (22,734)</u>	<u>\$1,793,176</u>	<u>\$ 3,864</u>	<u>\$1,797,040</u>
Net earnings	51,698	—	51,698	1,436	53,134
Other comprehensive loss, net of tax	—	(11,960)	(11,960)	—	(11,960)
Net transfer to Parent Company	(193,049)	—	(193,049)	—	(193,049)
Other	—	—	—	(172)	(172)
<b>Balance at December 31, 2015</b>	<u>1,674,559</u>	<u>(34,694)</u>	<u>1,639,865</u>	<u>5,128</u>	<u>1,644,993</u>
Net loss	(12,642)	—	(12,642)	1,851	(10,791)
Other comprehensive earnings, net of tax	—	1,065	1,065	—	1,065
Distributions declared and paid to noncontrolling interest	—	—	—	(1,727)	(1,727)
Net transfer to Parent Company	(81,966)	—	(81,966)	—	(81,966)
Other	—	—	—	(221)	(221)
<b>Balance at December 31, 2016</b>	<u>\$1,579,951</u>	<u>\$ (33,629)</u>	<u>\$1,546,322</u>	<u>\$ 5,031</u>	<u>\$1,551,353</u>

See Notes to Combined Financial Statements

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**WELLSITE CORPORATION**  
**COMBINED STATEMENTS OF CASH FLOWS**  
(In thousands)

	<b>Years Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Operating Activities</b>		
Net (loss) earnings attributable to Company	\$ (12,642)	\$ 51,698
Adjustments to reconcile net (loss) earnings attributable to Company to cash from operating activities:		
Depreciation and amortization	112,055	119,992
Stock-based compensation	2,293	1,925
(Gain) loss on sale of fixed assets	(366)	1,463
Provision for losses on accounts receivable (net of recoveries)	2,941	2,154
Deferred income taxes	(19,994)	(20,270)
Employee benefit plan expense	1,128	1,114
Contributions to employee benefit plans	(2,649)	(2,667)
Other, net	(435)	(22,886)
Cash effect of changes in assets and liabilities (excluding effects of and foreign exchange):		
Receivables	27,373	74,350
Inventories	32,912	58,772
Prepaid and other current assets	2,681	(1,913)
Accounts payable	(9,874)	(32,123)
Accrued compensation and employee benefits	(2,122)	(17,772)
Other accrued expenses and other liabilities	(4,721)	(5,773)
Accrued taxes	—	(161)
<b>Net cash provided by operating activities</b>	<u>128,580</u>	<u>207,903</u>
<b>Investing Activities</b>		
Additions to property, plant and equipment	(25,725)	(24,217)
Proceeds from sale of property, plant and equipment	2,526	7,884
Additions to intangible assets	(3,700)	(10,000)
<b>Net cash used in investing activities</b>	<u>(26,899)</u>	<u>(26,333)</u>
<b>Financing Activities</b>		
Distribution to noncontrolling interest	(1,727)	—
Net transfers to Parent Company	(84,254)	(194,977)
<b>Net cash used in financing activities</b>	<u>(85,981)</u>	<u>(194,977)</u>
Effect of exchange rate changes on cash and cash equivalents	(90)	(531)
<b>Net increase (decrease) in cash and cash equivalents</b>	15,610	(13,938)
Cash and cash equivalents at beginning of year	10,417	24,355
<b>Cash and cash equivalents at end of year</b>	<u>\$ 26,027</u>	<u>\$ 10,417</u>
<b>Supplemental information - cash paid during the year for:</b>		
Income taxes	\$ 7,285	\$ 7,808

See Notes to Combined Financial Statements

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**WELLSITE CORPORATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
(Amounts in thousands, except where otherwise indicated)**

**1. Basis of Presentation**

On September 12, 2017, Dover Corporation (“Dover” or “Parent”) announced its plan to spin-off a substantial portion of the upstream energy businesses within its Energy segment collectively, the Wellsite businesses. Upon completion of the spin-off, Wellsite Corporation (“Wellsite” or “Company”) would be a stand-alone, publicly traded company that provides highly engineered technologies that help companies drill and produce oil and gas efficiently and safely.

The accompanying Combined Financial Statements have been prepared on a stand-alone basis and are derived from Dover’s consolidated financial statements and accounting records. The Combined Financial Statements represent Wellsite’s financial position, results of operations and cash flows as its business was operated as part of Dover prior to the distribution, in conformity with U.S. generally accepted accounting principles.

All intercompany transactions between the Wellsite entities have been eliminated. Transactions between Wellsite and Dover, with the exception of transactions discussed in Note 3, are reflected in equity in the combined balance sheet as “Parent Company investment in Wellsite” and in the combined statement of cash flows as a financing activity in “Net transfers (to) from Parent Company.” See Note 3 — Related Party Transactions for additional information regarding related party transactions.

No portion of Dover’s third-party debt was historically held by a Wellsite entity or is transferring to Wellsite; therefore, no amount was included in the Combined Balance Sheets at December 31, 2016 and December 31, 2015. Accordingly, no interest expense related to third-party debt was recorded in the Combined Statements of Earnings.

Intercompany notes payable with Dover of \$227.2 million at December 31, 2016 and \$223.5 million at December 31, 2015 are classified within Parent Company investment in Wellsite because the notes are not expected to be settled in cash. Accordingly, no interest expense was recorded in the Combined Statements of Earnings.

**2. Summary of Significant Accounting Policies**

***Description of Business***

Wellsite is a leading provider of highly engineered technologies that help companies drill for and produce oil and gas efficiently and safely around the world. Its products include a full range of equipment and technologies that enable efficient drilling and safe and efficient production throughout the lifecycle of a well. Its principal products consist of artificial lift equipment and solutions, including electric submersible pump systems (“ESP”), rod pumping systems (“Rod Lift”), gas lift systems, progressive cavity pump systems (“PCP”) and plunger lift systems, as well as polycrystalline diamond cutters (“PDCs”) for drilling. The Company also provides a comprehensive automation offering consisting of equipment, software and Industrial Internet (“IIoT”) solutions for downhole monitoring, wellsite productivity enhancement and asset integrity management. The Company reports two business segments: Production & Automation Technologies and Drilling Technologies. For additional information on the Company’s segments, see Note 15 — Segment Information. Additionally, the Company did not make any acquisitions during the years ended December 31, 2016 and 2015. In 2014, the Company acquired Accelerated Companies LLC, Timberline Manufacturing Company, and WellMark Holdings, Inc., which are included in the Production & Automation Technologies segment.

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***Combined Financial Statement Presentation***

The Combined Financial Statements have been derived from the consolidated financial statements and accounting records of Dover using the historical results of operations, and historical basis of assets and liabilities of Wellsite and reflect Dover's net investment in Wellsite. Historically, stand-alone financial statements have not been prepared for Wellsite. Management believes the assumptions underlying the allocations included in the Combined Financial Statements are reasonable. However, the Combined Financial Statements may not necessarily reflect Wellsite's results of operations, financial position and cash flows in the future, or what Wellsite's results of operations, financial position and cash flows would have been had Wellsite been a stand-alone company during the periods presented herein.

The Combined Financial Statements include the accounts of the Company. Intercompany accounts and transactions have been eliminated in consolidation. The results of operations of purchased businesses of Wellsite are included from the date of acquisition.

The accompanying financial statements include allocations of costs that were incurred by Dover for functions such as corporate executive management, human resources, information technology, facilities, tax, shared services, finance and legal, including the costs of salaries, benefits and other related costs. The total costs allocated to the accompanying Combined Financial Statements for these functions totaled approximately \$19,459, and \$20,852 for the years ended December 31, 2016 and 2015, respectively, and are included in Selling, general and administrative expenses within the Combined Statements of Earnings. These expenses have been allocated to Wellsite based on direct usage or benefit where identifiable, with the remainder allocated on the basis of revenues, headcount, or other measures. As a stand-alone public company, Wellsite's total costs related to such support functions may differ from the costs that were historically allocated to it from Dover. See Note 3 — Related Party Transactions for additional information regarding related party transactions.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the Combined Financial Statements and accompanying disclosures. These estimates may be adjusted due to changes in future economic, industry, or customer financial conditions, as well as changes in technology or demand. Estimates are used for, but not limited to, allowances for doubtful accounts receivable, net realizable value of inventories, restructuring reserves, warranty reserves, pension and post-retirement plans, stock-based compensation, useful lives for depreciation and amortization of long-lived assets, future cash flows associated with impairment testing for goodwill, indefinite-lived intangible assets and other long-lived assets, deferred tax assets, uncertain income tax positions and contingencies. Actual results may ultimately differ from estimates, although management does not believe such differences would materially affect the Combined Financial Statements in any individual year. Estimates and assumptions are periodically reviewed and the effects of revisions are reflected in the Combined Financial Statements in the period that they are determined.

***Cash and Cash Equivalents***

Cash and cash equivalents include cash on hand, demand deposits and short-term investments which are highly liquid in nature and have original maturities at the time of purchase of three months or less. The carrying value of cash and cash equivalents approximate fair value.

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***Accounts Receivable and Allowance for Doubtful Accounts***

Accounts receivable are recorded at face amounts less an allowance for doubtful accounts. The allowance is an estimate based on historical collection experience, current economic and market conditions and a review of the current status of each customer's trade accounts receivable. Management evaluates the aging of the accounts receivable balances and the financial condition of its customers to estimate the amount of accounts receivable that may not be collected in the future and records the appropriate provision.

***Inventories***

Inventories for the majority of the Company's subsidiaries, including all international subsidiaries, are stated at the lower of cost, determined on the first-in, first-out (FIFO) basis, or market. Other domestic inventories are stated at cost, determined on the last-in, first-out (LIFO) basis, which is less than market value. Under the LIFO method, the cost assigned to items sold is based on the cost of the most recent items purchased. As a result, the costs of the first items purchased remain in inventory and are used to value ending inventory. The excess of estimated current costs over LIFO carrying value, or LIFO reserve, was approximately \$9.4 million and \$12.9 million at December 31, 2016 and 2015, respectively. The decrease in the LIFO reserve from 2015 to 2016 was primarily due to a reduction of inventory as a result of working capital reduction efforts. Under certain market conditions, estimates and judgments regarding the valuation of inventories are employed by us to properly value inventories.

***Property, Plant and Equipment***

Property, plant and equipment includes the historical cost of land, buildings, machinery and equipment, purchased software and significant improvements to existing plant and equipment or, in the case of acquisitions, a fair market value appraisal of assets. Expenditures for maintenance, repairs and minor renewals are expensed as incurred. When property or equipment is sold or otherwise disposed of, the related cost and accumulated depreciation is removed from the respective accounts and the gain or loss realized on disposition is reflected in earnings. The Company depreciates its assets on a straight-line basis over their estimated useful lives as follows: buildings and improvements 5 to 31.5 years; machinery and equipment 3 to 7 years; furniture and fixtures 3 to 7 years; vehicles 3 years; and software 3 to 5 years.

***Derivative Financial Instruments***

The Company uses derivative financial instruments to hedge its exposure to foreign currency exchange rate risk. The Company does not enter into derivative financial instruments for speculative purposes and has a portfolio of derivatives that is not material in value. Derivative financial instruments used for hedging purposes must be designated and effective as a hedge of the identified risk exposure at inception of the contract. For derivatives hedging the fair value of assets or liabilities, the changes in fair value of both the derivatives and of the hedged items are recorded in current earnings.

***Goodwill, Other Intangible Assets and Long-Lived Assets***

Goodwill represents the excess of purchase price over the fair value of net assets acquired. Goodwill and certain other intangible assets deemed to have indefinite lives (trademarks) are not amortized. For goodwill, impairment

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tests are required at least annually, or more frequently if events or circumstances indicate that it may be impaired, or when some portion but not all of a reporting unit is disposed. Historically the Company was part of the Dover Energy operating segment. Based on its historical organizational structure, the Company identified two reporting units for which cash flows are determinable and to which goodwill may be allocated.

The Company performs its goodwill impairment test annually in the fourth quarter at the reporting unit level. Recoverability of goodwill is measured at the reporting unit level and determined using a two-step process. The first step compares the fair value of a reporting unit with its carrying amount, including goodwill. The Company uses an income-based valuation method, determining the present value of future cash flows, to estimate the fair value of a reporting unit. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired and as a result, the second step of the impairment test is unnecessary. Factors used in the impairment analysis require significant judgment, and actual results may differ from assumed and estimated amounts. The Company uses its own market assumptions including internal projections of future cash flows, discount rates and other assumptions considered reasonable and inherent in the analysis. These forecasts are based on historical performance and future estimated results. The discount rates used in these analyses vary by reporting unit and are based on a capital asset pricing model and published relevant industry rates. The Company uses discount rates commensurate with the risks and uncertainties inherent to each reporting unit and in its internally developed forecasts.

The second step of the goodwill impairment test, if needed, compares the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. See Note 6 — Goodwill and Other Intangible Assets for further discussion of the Company's annual goodwill impairment test and results.

The Company uses an income-based valuation method to test its indefinite-lived intangible assets for impairment, at least annually. The fair value of the intangible asset is compared to its carrying value. This method uses the Company's own market assumptions considered reasonable and inherent in the analysis. Any excess of carrying value over the estimated fair value is recognized as an impairment loss. No impairment of indefinite-lived intangible assets was required for the years ended December 31, 2016 and 2015.

Other intangible assets with determinable lives consist primarily of customer intangibles, unpatented technologies, patents and trademarks. These other intangibles are amortized over their estimated useful lives, ranging from 5 to 15 years.

Long-lived assets (including definite-lived intangible assets) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, such as a significant sustained change in the business climate. If an indicator of impairment exists for any grouping of assets, an estimate of undiscounted future cash flows is produced and compared to its carrying value. If an asset is determined to be impaired, the loss is measured by the excess of the carrying amount of the asset over its fair value as determined by an estimate of discounted future cash flows.

***Restructuring Accruals***

From time to time, the Company takes actions to reduce headcount, close facilities, or otherwise exit operations. Such restructuring activities at an operation are recorded when management has committed to an exit or reorganization plan and when termination benefits are probable and can be reasonably estimated based on

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circumstances at the time the restructuring plan is approved by management or when termination benefits are communicated. Exit costs include future minimum lease payments on vacated facilities and other contractual terminations. In addition, asset impairments may be recorded as a result of an approved restructuring plan. The accrual of both severance and exit costs requires the use of estimates. Though the Company believes that its estimates accurately reflect the anticipated costs, actual results may differ from the original estimated amounts.

***Noncontrolling interests***

A noncontrolling interest represents the equity interest in a subsidiary that is not attributable, either directly or indirectly, to the Company and is reported as equity, separately from the Company's controlling interests. The noncontrolling interest relates to the Company's ownership interest in Norris Production Solutions Middle East LLC, a subsidiary company in the Sultanate of Oman with a local partner, where the Company is the majority owner at 60% and has the controlling financial interest. The outside investor's interests in this subsidiary company are included in noncontrolling interest in the Company's Combined Financial Statements.

***Foreign Currency***

Assets and liabilities of non-U.S. subsidiaries, where the functional currency is not the U.S. dollar, have been translated at year-end exchange rates and profit and loss accounts have been translated using weighted-average monthly exchange rates. Foreign currency translation gains and losses are included in the Combined Statements of Comprehensive Earnings as a component of Other comprehensive earnings (loss). Assets and liabilities of an entity that are denominated in currencies other than an entity's functional currency are re-measured into the functional currency using end of period exchange rates or historical rates where applicable to certain balances. Gains and losses related to these re-measurements are recorded within the Combined Statements of Earnings as a component of Other expense, net.

***Revenue Recognition***

Revenue is recognized when all of the following conditions are satisfied: a) persuasive evidence of an arrangement exists, b) price is fixed or determinable, c) collectability is reasonably assured and d) delivery has occurred or services have been rendered. The majority of the Company's revenue is generated through the manufacture and sale of a broad range of specialized products and components, with revenue recognized upon transfer of title and risk of loss, which is generally upon shipment. Certain product sales are recognized based on the percentage-of-completion method, which is based on the estimated costs to completion and represented 2.5% and 2.2% of total revenue for the years ended December 31, 2016 and 2015, respectively. When necessary, provisions for estimated losses on these contracts are made in the period in which such losses are determined. The Company derives product revenue from the sale of software standalone products and software-enabled tangible products, which in aggregate represented 8.7% of total revenue for both the years ended December 31, 2016 and 2015. Software product revenue is recorded when the software product is shipped to the customer or over the term of the contract. Service revenue represented 6.8% and 5.2% of total revenue for the years ended December 31, 2016 and 2015, respectively and is recognized as the services are performed. Leasing revenue represented 2.7% and 2.6% of total revenue for the years ended December 31, 2016 and 2015, respectively. Lease revenue is recognized ratably over the lease term and the leased asset is included in property, plant and equipment and depreciated to its estimated residual value over the lease term.



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In limited cases, revenue arrangements with customers require delivery, installation, testing, or other acceptance provisions to be satisfied before revenue is recognized. The Company includes shipping costs billed to customers in revenue and the related shipping costs in cost of goods and services.

***Stock-Based Compensation***

The Company's employees have historically participated in Dover's stock-based compensation plans. Stock-based compensation has been allocated to the Company based on the awards and terms previously granted to the Company's employees. The principal awards issued under the stock-based compensation plans include stock options, stock appreciation rights ("SARs"), restricted stock units and performance share awards. The cost for such awards is measured at the grant date based on the fair value of the award. At the time of grant, Dover estimates forfeitures, based on historical experience, in order to estimate the portion of the award that will ultimately vest. The value of the portion of the award that is expected to ultimately vest is recognized as expense on a straight-line basis, generally over the explicit service period of three years (except for retirement-eligible employees and retirees) and is included in Selling, general and administrative expenses in the Combined Statements of Earnings. Expense for awards granted to retirement-eligible employees is recorded over the period from the date of grant through the date the employee first becomes eligible to retire and is no longer required to provide service. See Note 11 — Equity and Cash Incentive Program for additional information related to stock-based compensation.

***Employee Benefit Plans***

Wellsite participates in defined benefit plans and non-qualified supplemental retirement plans sponsored by Dover that are accounted for as multi-employer plans in the Combined Financial Statements. Wellsite also sponsors a defined benefit plan and non-qualified plans. These plans are accounted for as single employer plans in the Combined Financial Statements. Wellsite also offers a defined contribution plan. See Note 13 — Employee Benefit Plans for additional information.

***Income Taxes***

The Company's operations have historically been included in Dover's consolidated federal tax return and certain combined state returns. The income tax expense in these Combined Financial Statements has been determined on a stand-alone return basis in accordance with Accounting Standards Codification ("ASC") 740 "Income Taxes," which requires the recognition of income taxes using the liability method. Under this method, the Company is assumed to have historically filed a return separate from Dover, reporting its taxable income or loss and paying applicable tax based on its separate taxable income and associated tax attributes in each tax jurisdiction. Income taxes payable at each balance sheet date computed under the stand-alone return basis are classified within Parent Company investment in Wellsite because Dover is legally liable for the tax. Accordingly, changes in income taxes payable are recorded as a component of financing activities in the Combined Statements of Cash Flows. The calculation of income taxes on the separate return basis requires considerable judgment and the use of both estimates and allocations. As a result, the Company's effective tax rate and deferred tax balances will differ significantly from those in Dover's historic periods. Additionally, the Company's deferred tax balances as calculated on the separate return basis will differ from the deferred tax balances of Dover, if legally separated. See Note 10 — Income Taxes for additional information on the Company's income taxes and unrecognized tax benefits.

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***Research and Development Costs***

Research and development costs, including qualifying engineering costs, are expensed when incurred and amounted to \$16,511 in 2016 and \$19,255 in 2015.

***Advertising Costs***

Advertising costs are expensed when incurred and amounted to \$825 in 2016 and \$1,604 in 2015.

***Risk, Retention, Insurance***

Wellsite is covered under Dover's insurance policies during the years ended December 31, 2016 and 2015. For both years ended December 31, 2016 and 2015, Dover self-insured its product and commercial general liability claims up to \$5.0 million per occurrence and automobile liability claims up to \$1.0 million per occurrence. For the years ended December 31, 2016 and 2015, Dover self-insured its workers' compensation claims up to \$0.8 million and \$0.5 million per occurrence, respectively. Third-party insurance provides primary level coverage in excess of these amounts up to certain specified limits. In addition, Dover has excess liability insurance from third-party insurers on both an aggregate and an individual occurrence basis well in excess of the limits of the primary coverage. A worldwide program of property insurance covers Dover's owned and leased property and any business interruptions that may occur due to an insured hazard affecting those properties, subject to reasonable deductibles and aggregate limits. Dover's property and casualty insurance programs contain various deductibles that, based on Dover's experience, are typical and customary for a company of its size and risk profile. Wellsite does not consider any of the deductibles to represent a material risk to Wellsite. Dover generally maintains deductibles for claims and liabilities related primarily to workers' compensation, health and welfare claims, general commercial, product and automobile liability and property damage and business interruption resulting from certain events. Dover accrues for claim exposures that are probable of occurrence and can be reasonably estimated. As part of Dover's risk management program, insurance is maintained to transfer risk beyond the level of self-retention and provide protection on both an individual claim and annual aggregate basis.

***Recent Accounting Pronouncements***

**Recently Issued Accounting Standards**

In March 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2017-07, Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Post-Retirement Benefit Cost. This ASU changes the income statement presentation of defined benefit and post-retirement benefit plan expense by requiring separation between operating expense (service cost component of net periodic benefit expense) and non-operating expense (all other components of net periodic benefit expense, including interest cost, amortization of prior service cost, curtailments and settlements, etc.). The operating expense component is reported with similar compensation costs while the non-operating components are reported outside of operating income. The guidance is effective for interim and annual periods for the Company on January 1, 2018. The Company does not expect the adoption of this ASU to have a material impact on its Combined Financial Statements.

In January 2017, the FASB issued ASU 2017-01, Business combinations (Topic 805): Clarifying the definition of a business, which clarifies the definition of a business and assists entities with evaluating whether transactions

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should be accounted for as acquisitions (or disposals) of assets or businesses. Under this guidance, when substantially all of the fair value of gross assets acquired is concentrated in a single asset (or group of similar assets), the assets acquired would not represent a business. In addition, in order to be considered a business, an acquisition would have to include at a minimum an input and a substantive process that together significantly contribute to the ability to create an output. The amended guidance also narrows the definition of outputs by more closely aligning it with how outputs are described in FASB guidance for revenue recognition. This guidance is effective for interim and annual periods for the Company on January 1, 2018, with early adoption permitted. The Company does not expect the adoption of this ASU to have a material impact on its Combined Financial Statements.

In January 2017, the FASB issued ASU 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. The amended guidance simplifies the accounting for goodwill impairment for all entities by eliminating the requirement to perform a hypothetical purchase price allocation. A goodwill impairment charge will now be recognized for the amount by which the carrying value of a reporting unit exceeds its fair value, not to exceed the carrying amount of goodwill. The Company will early adopt this guidance on January 1, 2017 as its annual impairment test is performed after January 1, 2017. The adoption of this ASU is not expected to have a material impact to the Company's Combined Financial Statements.

In March 2016, the FASB issued ASU 2016-09, Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting. The ASU changes how companies account for certain aspects of share-based payment awards to employees, including the accounting for income taxes, forfeitures and statutory tax withholding requirements, as well as the classification of related matters in the statement of cash flows. This guidance was effective for the Company on January 1, 2017. The adoption of this ASU is not expected to have a material impact to the Company's Combined Financial Statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which amends existing guidance to require lessees to recognize assets and liabilities on the balance sheet for the rights and obligations created by long-term leases and to disclose additional quantitative and qualitative information about leasing arrangements. This ASU also provides clarifications surrounding the presentation of the effects of leases in the income statement and statement of cash flows. This guidance will be effective for the Company on January 1, 2019. The Company is currently evaluating this guidance and the impact it will have on its Combined Financial Statements.

In July 2015, the FASB issued ASU 2015-11, Inventory (Topic 340): Simplifying the Measurement of Inventory. Under this guidance, entities utilizing the FIFO or average cost method should measure inventory at the lower of cost or net realizable value, whereas net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. This ASU was effective for the Company on January 1, 2017. The adoption of this ASU is not expected to have a material impact to the Company's Combined Financial Statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), that introduces a new five-step revenue recognition model in which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU also requires disclosures sufficient to enable users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers, including qualitative and quantitative disclosures about contracts with

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customers, significant judgments and changes in judgments and assets recognized from the costs to obtain or fulfill a contract. This guidance will be effective for the Company on January 1, 2018. The FASB has also issued the following standards which clarify ASU 2014-09 and have the same effective date as the original standard: ASU 2016-20, Technical Corrections and Improvements to Topic 606, ASU No. 2016-12, Narrow-Scope Improvements and Practical Expedients, ASU 2016-10, Identifying Performance Obligations and Licensing and ASU 2016-08, Principal versus Agent Considerations.

Dover commenced its assessment of ASU 2014-09 during the second half of 2015 and developed a project plan to guide the implementation, in which Wellsite was included in the project plan. Dover made progress on this project plan including analyzing the ASU's impact on Dover's contract portfolio, surveying the Dover businesses and discussing the various revenue streams, completing contract reviews, comparing its historical accounting policies and practices to the requirements of the new guidance, identifying potential differences from applying the requirements of the new guidance to its contracts and updating and providing training on its accounting policy. Dover has also made progress in evaluating new disclosure requirements and identifying and implementing appropriate changes to its business processes, systems and controls to support recognition and disclosure under the new guidance. The Company expects to adopt this new guidance using the modified retrospective method that will result in a cumulative effect adjustment as of the date of adoption. The Company is currently evaluating this guidance and the impact it will have on its Combined Financial Statements.

Recently Adopted Accounting Standards

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements - Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, which requires management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosures in certain circumstances, such as the existence of substantial doubt. The Company is required to evaluate going concern uncertainties at each annual and interim reporting period, considering the entity's ability to continue as a going concern within one year after the issuance date. This guidance was effective for the Company on December 31, 2016. The adoption of this ASU did not have an impact to the Company's Combined Financial Statements.

In September 2015, the FASB issued ASU 2015-16, Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments. Under this guidance the cumulative impact of purchase accounting adjustments arising during the one year measurement period from the date of acquisition will be recognized, in full, in the period identified. This guidance was effective for the Company on January 1, 2016 and applied prospectively to adjustments arising after that date. The adoption of this ASU did not have a material impact to the Company's Combined Financial Statements.

In November 2015, the FASB issued ASU 2015-17, Balance Sheet Classification of Deferred Taxes, to simplify the presentation of deferred income taxes. The amendments in this update require that deferred tax assets and liabilities be entirely classified as noncurrent within the statement of financial position. The Company early adopted this guidance as of December 31, 2015. The adoption of this ASU did not have a material impact to the Company's Combined Financial Statements.

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**3. Related Party Transactions**

Dover provides Wellsite certain services, which include corporate executive management, human resources, information technology, facilities, tax, shared services, finance and legal services. Some of these services will continue to be provided to Wellsite on a temporary basis following the distribution. The financial information in these Combined Financial Statements does not necessarily include all the expenses that would have been incurred had Wellsite been a separate, stand-alone entity. As such, the financial information herein may not necessarily reflect the combined financial position, results of operations, and cash flows of Wellsite in the future or what they would have been had Wellsite been a separate, stand-alone entity during the periods presented. Management believes that the methods used to allocate expenses to Wellsite are reasonable. The corporate expenses allocated to Wellsite totaled \$19,459, and \$20,852 for the years ended December 31, 2016 and 2015, respectively, which are recorded in Selling, general and administrative expenses in the Combined Statements of Earnings. As a stand-alone public company, Wellsite's total costs related to such support functions may differ from the costs that were historically allocated to it from Dover.

Transactions between Wellsite and Dover, with the exception of transactions discussed below with Dover's affiliates, are reflected in equity in the Combined Balance Sheets as Parent Company investment in Wellsite and in the Combined Statements of Cash Flows as a financing activity in Net transfers (to) from Parent Company.

At December 31, 2016 and 2015, the Company's outstanding accounts receivable and accounts payable balances with Dover and its affiliates were insignificant. These balances are included in receivables and accounts payable, respectively, on the Combined Balance Sheets. Intercompany revenues recorded from other Dover companies in the years ended December 31, 2016 and 2015, respectively, were insignificant.

The Company recorded royalty expense related to Wellsite's use of Dover's intellectual property and patents amounting to \$7.4 million and \$10.4 million in 2016 and 2015, respectively, included within Other expense, net in the Combined Statements of Earnings. Patents and intangibles owned by Dover related to Wellsite will transfer to Wellsite upon separation. Upon separation, no further royalty charges are expected to be incurred by Wellsite from Dover. Additionally, in 2016 and 2015, Wellsite purchased certain patents and copyrights from Dover company for \$3.7 million and \$10.0 million, respectively. The patents and copyrights are included in Wellsite's intangibles balance and are being amortized.

The Company paid \$1.7 million for distributions declared to its noncontrolling interest holder in Norris Production Solutions Middle East LLC, a subsidiary company in the Sultanate of Oman and is included within the Combined Statement of Stockholders' Equity. The Company has a commission arrangement with its noncontrolling interest holder, for 5% of certain annual product sales. The commissions paid during 2016 and 2015, respectively, were not significant.

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#### 4. Inventories

The components of inventories were as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Raw materials	\$ 45,209	\$ 45,416
Work in progress	10,321	10,714
Finished goods	153,040	185,325
<b>Subtotal</b>	<b>208,570</b>	<b>241,455</b>
Less reserves	(24,012)	(24,799)
<b>Total</b>	<b><u>\$ 184,558</u></b>	<b><u>\$ 216,656</u></b>

At December 31, 2016 and 2015, approximately 32% and 30%, respectively, of the Company's total inventories were accounted for using the LIFO method.

#### 5. Property, Plant and Equipment, net

The components of property, plant and equipment, net were as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Land	\$ 13,986	\$ 14,072
Buildings and improvements	92,577	85,181
Machinery, equipment and other	396,505	398,654
<b>Property, plant and equipment, gross</b>	<b>503,068</b>	<b>497,907</b>
Total accumulated depreciation	(301,321)	(265,021)
<b>Property, plant and equipment, net</b>	<b><u>\$ 201,747</u></b>	<b><u>\$ 232,886</u></b>

Total depreciation expense was \$56,068 and \$60,831 for the years ended December 31, 2016 and 2015, respectively.

#### 6. Goodwill and Other Intangible Assets

##### *Goodwill*

The changes in the carrying value of goodwill by operating segment were as follows:

	<u>Production &amp; Automation Technologies</u>	<u>Drilling Technologies</u>	<u>Total</u>
<b>Balance at December 31, 2014</b>	<b>\$ 807,514</b>	<b>\$ 101,136</b>	<b>\$908,650</b>
Foreign currency translation	(6,722)	—	(6,722)
<b>Balance at December 31, 2015</b>	<b>800,792</b>	<b>101,136</b>	<b>901,928</b>
Foreign currency translation	651	—	651
<b>Balance at December 31, 2016</b>	<b><u>\$ 801,443</u></b>	<b><u>\$ 101,136</u></b>	<b><u>\$902,579</u></b>

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***Annual impairment testing***

Historically the Company was part of the Dover Energy operating segment. The Company performed its annual goodwill impairment test for its two historical reporting units (i) Drilling and Production, excluding a business component that will be retained by Dover (“D&P”) and (ii) Dover Energy Automation (“DEA”), and found no impairment. For both reporting units, based upon the annual goodwill analyses performed by the Company as of October 1, 2016 and 2015, the fair values exceeded the carrying values. As such, step two of the impairment test was not required. Beginning in the fourth quarter of 2017, the Company will also perform its annual goodwill impairment testing based upon the new segment structure discussed in Note 15 — Segment Information.

The annual impairment test is performed using a discounted cash flow analysis as discussed in Note 2 — Summary of Significant Accounting Policies. The Company performed step one of the annual goodwill impairment test for each of its two historical reporting units, concluding that the fair values were in excess of their carrying values. As previously noted, the fair values of each of the Company’s reporting units were determined using a discounted cash flow analysis which included management’s assumptions as to future cash flows and long-term growth rates as of the date of the impairment test. The discount rates used in these analyses were based on a capital asset pricing model and published relevant industry rates. The Company used discount rates related to that historical period commensurate with the risks and uncertainties inherent to each reporting unit and in management’s internally developed forecasts. Discount rates used in the Company’s 2016 and 2015 valuations, excluding a business component that will be retained by Dover, were 10.5% and 11.0%, respectively.

The goodwill balances for the D&P reporting unit were \$731,224 and \$730,749 as of October 1, 2016 and 2015, respectively. The goodwill balance for the DEA reporting unit was \$172,480 as of both October 1, 2016 and 2015. The Company experienced an overall decline in demand due to lower oil prices and the resulting economic pressures within the oil and gas industry, resulting in lower estimated cash flows. The D&P reporting unit had fair values in excess of their carrying values of 21% and 20% in 2016 and 2015, respectively. The DEA reporting unit had fair values in excess of their carrying values of 54% and 36% in 2016 and 2015, respectively.

While the Company believes the assumptions used in the 2015 and 2016 impairment analyses are reasonable and representative of expected results, if market conditions worsen or persist for an extended period of time, an impairment of goodwill or assets may occur. The Company will continue to monitor the long-term outlook and forecasts, including estimated future cash flows, for these businesses and the impact on the carrying value of goodwill and assets.

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**Intangible Assets**

The following table provides the gross carrying value and accumulated amortization for each major class of intangible assets:

	December 31, 2016			December 31, 2015		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
<b>Amortized intangible assets:</b>						
Customer Intangibles	\$ 566,602	\$ 229,902	\$ 336,700	\$ 566,167	\$ 183,919	\$ 382,248
Trademarks	36,296	14,013	22,283	36,292	10,213	26,079
Patents (1)	38,106	16,662	21,444	33,882	12,659	21,223
Unpatented Technologies	9,700	9,700	—	9,700	9,700	—
Backlog	5,630	5,630	—	5,630	3,605	2,025
Drawings & Manuals	3,001	1,942	1,059	2,983	1,700	1,283
Other	5,270	3,539	1,731	5,240	3,178	2,062
Total amortized intangibles	664,605	281,388	383,217	659,894	224,974	434,920
<b>Unamortized intangible assets:</b>						
Trademarks	3,600	—	3,600	3,600	—	3,600
<b>Total intangible assets</b>	\$ 668,205	\$ 281,388	\$ 386,817	\$ 663,494	\$ 224,974	\$ 438,520

(1) The increase from the prior year relates to acquired copyrights and patents from parent company.

Total amortization related to the Company's intangible assets was \$55,987 and \$59,161, for the years ended December 31, 2016 and 2015, respectively. Estimated future amortization expense related to intangible assets held at December 31, 2016 is as follows:

	<b>Estimated Amortization</b>
2017	\$ 54,110
2018	52,486
2019	50,802
2020	49,470
2021	48,707



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### 7. Other Accrued Expenses and Other Liabilities

The following table details the major components of Other accrued expenses (current):

	December 31, 2016	December 31, 2015
Warranty	\$ 4,568	\$ 4,319
Unearned/deferred revenue	3,787	2,191
Taxes other than income	1,424	3,301
Accrued freight, travel and transportation	1,384	580
Accrued rebates	473	1,417
Restructuring and exit costs	459	1,887
Other (none of which are individually significant)	9,531	10,812
Total other accrued expenses	<u>\$ 21,626</u>	<u>\$ 24,507</u>

The following table details the major components of Other liabilities (noncurrent):

	December 31, 2016	December 31, 2015
Defined benefit and other post-retirement benefit	\$ 16,510	\$ 18,152
Long-term capital lease obligations	1,919	3,282
Warranty	98	102
Other (none of which are individually significant)	756	874
Total other liabilities	<u>\$ 19,283</u>	<u>\$ 22,410</u>

#### Warranty

Estimated warranty program claims are provided for at the time of sale. Amounts provided for are based on historical costs, claims experience and adjusted for new claims. The changes in the carrying amount of product warranties were as follows:

	Years Ended December 31,	
	2016	2015
<b>Balance, beginning of year</b>	\$ 4,421	\$ 6,717
Provision for warranties	2,109	1,266
Settlements made	(1,518)	(3,168)
Other adjustments, including currency translation	(346)	(394)
<b>Balance, end of year</b>	<u>\$ 4,666</u>	<u>\$ 4,421</u>

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### 8. Restructuring Activities

The Company initiated various restructuring programs and incurred severance and other restructuring costs by segment as follows:

	<u>Years Ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Production & Automation Technologies	\$ 12,757	\$ 18,750
Drilling Technologies	2,405	2,480
<b>Total</b>	<b><u>\$ 15,162</u></b>	<b><u>\$ 21,230</u></b>

These amounts are classified in the Combined Statements of Earnings as follows:

Cost of goods and services	\$ 9,465	\$ 9,095
Selling, general and administrative expenses	5,697	12,135
<b>Total</b>	<b><u>\$ 15,162</u></b>	<b><u>\$ 21,230</u></b>

The \$15,162 and \$21,230 of restructuring charges incurred during 2016 and 2015 included the following programs:

- The Production & Automation Technologies segment incurred restructuring charges of \$12,757 and \$18,750 during 2016 and 2015, respectively, related to various programs across the segment focused on workforce reductions and targeted facility consolidations. These programs were initiated to better align the cost base with the significantly lower demand environment.
- The Drilling Technologies segment recorded \$2,405 and \$2,480 during 2016 and 2015, respectively, in restructuring charges relating to headcount reductions across various businesses to better align the cost base with the significantly lower demand environment.

The restructuring charges incurred relate to restructuring programs designed to better align the Company's operations with current market conditions through targeted facility consolidations, headcount reductions and other measures to further optimize operations. The restructuring programs for both years were substantially completed during years 2016 and 2015.

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The following table details the Company's severance and other restructuring accrual activities:

	<u>Severance</u>	<u>Exit</u>	<u>Total</u>
<b>Balance at December 31, 2014</b>	\$ 95	\$ —	\$ 95
Restructuring charges	9,366	11,864	21,230
Payments	(8,197)	(3,947)	(12,144)
Other, including foreign currency translation	(100)	(7,194) (1)	(7,294)
<b>Balance at December 31, 2015</b>	1,164	723	1,887
Restructuring charges	10,496	4,666	15,162
Payments	(11,235)	(2,410)	(13,645)
Other, including foreign currency translation	(175)	(2,770) (1)	(2,945)
<b>Balance at December 31, 2016</b>	<u>\$ 250</u>	<u>\$ 209</u>	<u>\$ 459</u>

- (1) Other activity in exit reserves primarily represents the non-cash write-off of property, plant and equipment in connection with certain facility closures.

### 9. Fair Value Measurements

Dover had outstanding contracts as of December 31, 2016 and 2015, respectively, that were not designated as hedging instruments. These instruments are used to reduce the Company's exposure for operating receivables and payables that are denominated in non-functional currencies. Wellsite's gains and losses on these contracts are recorded in Other expense, net in the Combined Statements of Earnings which were not material for the years ended December 31, 2016 and 2015.

#### *Fair Value Measurements*

Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures," establishes a hierarchy for measuring fair value. A financial instrument's categorization within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. ASC 820 establishes three levels of inputs that may be used to measure fair value as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs include inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of assets or liabilities.

Level 3 inputs are unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The Company's assets and liabilities measured at fair value on a recurring basis as of December 31, 2016 and 2015 were not significant and no tabular disclosures are presented.

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In addition to fair value disclosure requirements related to financial instruments carried at fair value, accounting standards require disclosures regarding the fair value of all of the Company's financial instruments. The carrying values of cash equivalents, trade receivables and accounts payable are reasonable estimates of their fair values as of December 31, 2016 and 2015 due to the short-term nature of these instruments.

#### 10. Income Taxes

The operations of Wellsite have been historically included in Dover's U.S. combined federal and state income tax returns. Income tax expense and deferred tax balances are presented in these financial statements as if Wellsite filed its own tax returns in each jurisdiction. These statements include tax losses and tax credits that may not reflect tax positions taken by Dover. In many cases, tax losses and tax credits generated by Wellsite have been utilized by Dover.

Income taxes have been based on the following components of (Loss) earnings before (benefit from) provision for income taxes in the Combined Statements of Earnings:

	<u>Years Ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Domestic	\$ (25,926)	\$ 61,670
Foreign	7,092	15,595
Total	<u>\$ (18,834)</u>	<u>\$ 77,265</u>

Income tax (benefit) expense relating to continuing operations for the years ended December 31, 2016 and 2015 is comprised of the following:

	<u>Years Ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Current:		
U.S. federal	\$ 8,872	\$ 40,415
State and local	1,995	(332)
Foreign	971	5,344
Total current	<u>11,838</u>	<u>45,427</u>
Deferred:		
U.S. federal	(19,161)	(23,135)
State and local	(771)	4,141
Foreign	51	(2,302)
Total deferred	<u>(19,881)</u>	<u>(21,296)</u>
Total (benefit) expense	<u>\$ (8,043)</u>	<u>\$ 24,131</u>

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Differences between the effective income tax rate and the U.S. federal income statutory tax rate are as follows:

	<u>Years Ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
U.S. federal income tax rate	35.0%	35.0%
State and local taxes, net of federal income tax benefit	(3.9)	3.1
Foreign operations tax effect	7.8	(3.1)
Research and experimentation tax credits	2.3	(0.7)
Domestic manufacturing deduction	6.2	(4.6)
Nondeductible expenses	(3.3)	1.0
ESOP Dividends	2.9	(0.7)
Branch income	(2.9)	0.8
Other	(1.4)	0.4
Effective tax rate from continuing operations	<u>42.7%</u>	<u>31.2%</u>

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The tax effects of temporary differences that give rise to future deferred tax assets and liabilities are as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
<b>Deferred Tax Assets:</b>		
Accrued compensation, principally post-retirement and other employee benefits	\$ 9,126	\$ 10,477
Accrued expenses, principally for state income taxes, interest and warranty	1,512	1,748
Net operating loss and other carryforwards	1,082	64
Accounts receivable, principally due to allowance for doubtful accounts	1,780	1,324
Long-term liabilities, principally warranty, environmental and exit cost	620	511
Other assets	459	609
Total gross deferred tax assets	14,579	14,733
Valuation allowance	(1,082)	(64)
Total deferred tax assets, net of valuation allowances	<u>\$ 13,497</u>	<u>\$ 14,669</u>
<b>Deferred Tax Liabilities:</b>		
Inventories, principally due to reserves for financial reporting purposes and capitalization for tax purposes	\$ (4,754)	\$ (6,773)
Intangible assets, principally due to different tax and financial reporting bases and amortization lives	(149,500)	(166,605)
Property, plant and equipment, principally due to differences in depreciation	(26,254)	(28,122)
Total gross deferred tax liabilities	(180,508)	(201,500)
Net deferred tax liability	<u>\$ (167,011)</u>	<u>\$ (186,831)</u>
<b>Classified as follows in the Combined Balance Sheets:</b>		
Other assets and deferred charges	\$ 554	\$ 1,191
Deferred income taxes	(167,565)	(188,022)
	<u>\$ (167,011)</u>	<u>\$ (186,831)</u>

As of December 31, 2016, the Company had non-U.S. loss carryforwards of \$4.24 million. The entire balance of the non-U.S. losses as of December 31, 2016 is available to be carried forward, with \$4.17 million of these losses beginning to expire during the years 2025 through 2030. The remaining \$64 thousand is available to be carried forward indefinitely.

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The Company maintains valuation allowances by jurisdiction against the deferred tax assets related to certain of these carryforwards as utilization of these tax benefits is not assured for certain jurisdictions.

The Company has not provided for U.S. federal income taxes or tax benefits on the undistributed earnings of its international subsidiaries, totaling approximately \$140 million at December 31, 2016, because such earnings are permanently reinvested and it is currently intended that they will continue to be reinvested indefinitely. It is not practicable to estimate the amount of tax that might be payable if some or all of such earnings were to be repatriated, and the amount of foreign tax credits that would be available to reduce or eliminate the resulting U.S. income tax liability.

The Company files U.S., federal, state, local and foreign tax returns. The Company is routinely audited by the tax authorities in these jurisdictions, and a number of audits are currently underway. The Company is no longer subject to examinations of its federal income tax returns for years through 2013. All significant state, local and international matters have been concluded for years through 2009. The Company believes that it has properly accounted for all income tax uncertainties. The Company has not recorded a liability for uncertain tax positions for the years ended December 31, 2016 and 2015.

### **11. Equity and Cash Incentive Program**

Dover grants share-based awards to its officers and other key employees, including certain Wellsite individuals. The following disclosures reflect the portion of Dover's program in which Wellsite employees participate. All awards granted under the program consist of Dover common shares and are not necessarily indicative of the results that Wellsite would have experienced as an independent, publicly-traded company for the periods presented.

Dover's plan authorizes the granting of stock options, stock-settled stock appreciation rights ("SARs"), restricted stock, and performance shares awards. The exercise price per share for stock options and SARs is equal to the closing price of Dover's stock on the New York Stock Exchange on the date of grant. The period during which options and SARs are exercisable is fixed by Dover's Compensation Committee at the time of grant. Generally, the stock options or SARs vest after three years of service and expire at the end of ten years. Performance share awards shall become vested if (1) Dover achieves certain specified internal metrics and (2) the employee remains continuously employed by Dover during the performance period. Partial vesting may occur after separation from service in the case of certain terminations not for cause and for retirements.

Stock-based compensation costs are reported within Selling, general and administrative expenses. The following table summarizes the Company's compensation expense relating to all stock-based incentive plans:

	<u>Years Ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Pre-tax compensation expense	\$ 2,293	\$ 1,925
Tax benefit	(787)	(658)
Total stock-based compensation expense, net of tax	<u>\$ 1,506</u>	<u>\$ 1,267</u>

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**SARs and Stock Options**

In 2016 and 2015, Dover issued SARs covering 106,548 and 98,803 shares, respectively. Since 2006, Dover has only issued SARs and does not anticipate issuing stock options in the future. The fair value of each SAR grant was estimated on the date of grant using a Black-Scholes option-pricing model with the following assumptions:

	<u>2016</u>	<u>2015</u>
Risk-free interest rate	1.05%	1.51%
Dividend yield	3.09%	2.24%
Expected life (years)	4.6	5.1
Volatility	26.17%	27.19%
Grant price	\$57.25	\$73.28
Fair value at date of grant	\$ 9.25	\$14.55

Expected volatilities are based on Dover's stock price history, including implied volatilities from traded options on Dover's stock. Dover uses historical data to estimate SAR exercise and employee termination patterns within the valuation model. The expected life of SARs granted is derived from the output of the option valuation model and represents the average period of time that SARs granted are expected to be outstanding. The interest rate for periods within the contractual life of the awards is based on the U.S. Treasury yield curve in effect at the time of grant.

A summary of activity relating to SARs granted under the Dover plans for the year ended December 31, 2016 is as follows:

	<u>SARs</u>		<u>Weighted Average Remaining Contractual Term (Years)</u>
	<u>Number of Shares</u>	<u>Weighted Average Exercise Price</u>	
Outstanding at January 1, 2016	432,184	\$ 64.54	
Granted	106,548	57.25	
Forfeited / expired	(36,093)	67.32	
Exercised	(47,956)	54.31	
Outstanding at December 31, 2016	<u>454,683</u>	63.69	6.8
Exercisable at December 31, 2016	<u>209,304</u>	\$ 57.61	5.0



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The following table summarizes information about outstanding SARs at December 31, 2016:

Range of Exercise Prices	SARs Outstanding				SARs Exercisable			
	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Life in Years	Aggregate Intrinsic Value	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Life in Years	Aggregate Intrinsic Value
\$25.96 - \$37.79	23,816	\$ 37.79	3.1	\$ 885	23,816	\$ 37.79	3.1	\$ 885
\$40.54 - \$58.69	211,034	\$ 57.56	6.8	\$ 3,666	107,630	\$ 57.86	4.6	\$ 1,838
\$63.33 - \$82.51	219,833	\$ 72.38	7.2	1,034	77,858	\$ 63.33	6.1	903
	<u>454,683</u>			<u>\$ 5,585</u>	<u>209,304</u>			<u>\$ 3,626</u>

Unrecognized compensation expense related to SARs not yet exercisable was \$1,083 at December 31, 2016. This cost is expected to be recognized over a weighted average period of 1.6 years.

Other information regarding the exercise of SARs and stock options is listed below:

	2016	2015
<b>SARs</b>		
Fair value of SARs that became exercisable	\$1,564	\$1,356
Aggregate intrinsic value of SARs exercised	\$ 799	\$1,874
<b>Stock Options</b>		
Cash received by Dover for exercise of stock options	\$ —	\$ 100
Aggregate intrinsic value of options exercised	\$ —	\$ 117

**Performance Share Awards**

Performance share awards granted are expensed over the three-year requisite performance and service period. Awards become vested if (1) Dover achieves certain specified internal metrics and (2) the employee remains continuously employed by the Company during the performance period. Partial vesting may occur after separation from service in the case of certain terminations not for cause and for retirements.

In 2016 and 2015, Dover issued performance shares to Wellsite's employees covering 5,764 and 4,503 shares, respectively. The performance share awards granted in these years are considered performance condition awards as attainment is based on Dover's performance relative to established internal metrics. The fair value of these awards was determined using Dover's closing stock price on the date of grant. The expected attainment of the internal metrics for these awards is analyzed each reporting period, and the related expense is adjusted up or down based on expected attainment, if that attainment differs from previous estimates. The cumulative effect on current and prior periods of a change in attainment is recognized in compensation cost in the period of change.

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The fair value and average attainment used in determining compensation cost of the performance shares issued in 2016 and 2015 are as follows for the year ended December 31, 2016:

	Performance shares	
	2016	2015
Fair value per share at date of grant	\$57.25	\$73.28
Average attainment rate reflected in expense	0.0%	0.0%

A summary of activity for performance share awards for the year ended December 31, 2016 is as follows:

	Number of Shares	Weighted- Average Grant-Date Fair Value
Unvested at January 1, 2016	8,139	\$ 77.40
Granted	5,764	57.25
Vested	(3,636)	82.51
Unvested at December 31, 2016	<u>10,267</u>	\$ 64.28

There is no unrecognized compensation expense related to unvested performance shares as of December 31, 2016. The weighted average number of years over which compensation expense may be recognized for unvested performance shares is 1.6.

#### **Restricted Stock Units**

Dover also has restricted stock units authorized for grant. Common stock of Dover may be granted at no cost to certain officers and key employees. In general, restrictions limit the sale or transfer of these shares during a three-year period, and restrictions lapse proportionately over the three-year period. Dover granted 42,117 and 17,263 of restricted stock units in 2016 and 2015, respectively.

A summary of activity for restricted stock units for the year ended December 31, 2016 is as follows:

	Number of Shares	Weighted- Average Grant-Date Fair Value
Unvested at January 1, 2016	23,666	\$ 76.26
Granted	42,117	57.25
Forfeited	(2,903)	69.01
Vested	(8,816)	77.17
Unvested at December 31, 2016	<u>54,064</u>	\$ 61.68

Unrecognized compensation expense relating to unvested restricted stock as of December 31, 2016 was \$705, which will be recognized over a weighted average period of 1.8 years.

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## 12. Commitments and Contingent Liabilities

### *Lease Commitments*

The Company leases certain facilities and equipment under operating leases, many of which contain renewal options. Total rental expense, net of insignificant sublease rental income, for all operating leases was \$17,936 and \$16,992 for the years ended December 31, 2016, and 2015, respectively. Contingent rentals under the operating leases were not significant.

The aggregate future minimum lease payments for operating and capital leases as of December 31, 2016 are as follows:

	<u>Operating</u>	<u>Capital</u>
2017	\$ 11,088	\$1,551
2018	9,565	571
2019	8,403	184
2020	6,547	—
2021	4,318	—
Thereafter	2,305	—
Total	<u>\$ 42,226</u>	<u>\$2,306</u>

### *Guarantees*

The Company has provided indemnities in connection with sales of certain businesses and assets, including representations and warranties and related indemnities for environmental, health and safety, tax and employment matters. The Company does not have any material liabilities recorded for these indemnifications and is not aware of any claims or other information that would give rise to material payments under such indemnities.

### *Letters of Credit*

As of December 31, 2016 and 2015, the Company had approximately \$16,045 and \$15,927 outstanding in letters of credit and guarantees with financial institutions, which expire at various dates in 2017 through 2019. These letters of credit are primarily maintained as security for insurance, warranty and other performance obligations. In general, the Company would only be liable for the amount of these letters of credit in the event of default in the performance of the Company's obligations, the probability of which we believe is remote.

### *Litigation*

At both December 31, 2016 and 2015, the Company had reserves totaling \$445 for environmental matters that are probable and estimable. The environmental matters relate to ongoing remedial activities performed in cooperation with regulatory authorities.

The Company and certain of its subsidiaries are also parties to a number of other legal proceedings incidental to their businesses. These proceedings primarily involve claims by private parties alleging injury arising out of use of the Company's products, intellectual property infringement, employment matters and commercial disputes.

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Management and legal counsel, at least quarterly, review the probable outcome of such proceedings, the costs and expenses reasonably expected to be incurred and currently accrued to-date. The Company has reserves for other legal matters that are probable and estimable, and at December 31, 2016 and 2015, these reserves were not significant. While it is not possible at this time to predict the outcome of these legal actions, in the opinion of management, based on the aforementioned reviews, the Company is not currently involved in any legal proceedings which, individually or in the aggregate, could have a material effect on its financial position, results of operations, or cash flows.

**13. Employee Benefit Plans**

**Multiemployer Defined Benefit Plans**

Wellsite participates in the following plans as though it is a participant in a multi-employer plan with the other businesses of Dover. Accordingly, a proportionate share of the cost is reflected in the Combined Financial Statements.

Dover provides a defined benefit pension plan for its eligible U.S. employees and retirees. As such, the portion of Wellsite's liability associated with this U.S. plan is not reflected in Wellsite's Combined Balance Sheets and will not be recorded at the distribution date as this obligation will be maintained and serviced by Dover. As of the spin-off date, Wellsite participants in this plan (other than Norris USW participants) will no longer accrue benefits. In addition, Wellsite will not assume any funding requirements or obligations related to the defined benefit pension plan upon the distribution date. Norris USW participants will be moved to a new pension plan, and will continue to accrue benefits at Dover pre-spin-off, and Wellsite post-spin-off.

Dover also provides a defined benefit pension plan for its eligible salaried non-U.S. employees and retirees in Canada. As such, the portion of Wellsite's liability associated with this non-U.S. plan is not reflected in Wellsite's Combined Balance Sheets as this obligation is being maintained and serviced by Dover. This plan will be transferred to Wellsite at the distribution date and will be recorded by Wellsite at that point. Shortly before the spin-off date, all non-Wellsite participants in this plan will no longer accrue benefits. In addition, Dover will not assume any funding requirements or obligations related to the defined benefit pension plan upon the distribution date.

Dover provides to certain U.S. management employees, through non-qualified plans, supplemental retirement benefits in excess of qualified plan limits imposed by federal tax law. The benefit obligation attributed to Wellsite employees for this non-qualified plan will be reflected in Wellsite's Combined Balance Sheets as of the distribution date. As of the spin-off date, Wellsite participants in these non-qualified plans will no longer accrue benefits. In addition, Wellsite will assume any funding requirements or obligations related to this plan upon the distribution date.

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The table below summarizes the expenses recorded in the Wellsite financial statements for the Dover plans in which Wellsite participates.

<b>Plan Name</b>	<b>Years Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
Dover U.S. Pension Plan	\$ 4,643	\$ 4,783
Canada Salaried Pension Plan	1,615	513
Other non-qualified plans	121	123

No contributions were made by Dover to the U.S. Pension plan in 2016 or 2015. No contribution is expected to be made in 2017. Contributions to the Canada Salaried Pension Plan totaled \$2.0 million and \$1.1 million in 2016 and 2015, respectively. Expected contributions in 2017 are \$1.2 million. The non-qualified plans are unfunded and contributions are made as benefits are paid.

**Single Employer Defined Benefit and Non-Qualified Plans**

Wellsite sponsors one defined benefit pension plan to certain hourly non-U.S. employees and retirees. The plan is closed to new participants; however, all active participants in these plans continue to accrue benefits. This plan is considered a direct obligation of Wellsite and has been recorded within Wellsite's Combined Financial Statements.

The Company sponsors non-qualified plans covering certain employees and retirees of the Company. The plans provide supplemental retirement benefits in excess of qualified plan limits imposed by federal tax law. These plans are closed to new hires and all benefits under the plans are frozen. These plans are considered direct obligations of Wellsite and have been recorded within Wellsite's Combined Financial Statements.

Wellsite does not have any other post-retirement employee benefit plans other than those plans mentioned above.

**Defined Contribution Plan**

Wellsite offers a defined contribution retirement plan which covers the majority of its U.S. employees, as well as employees in certain other countries. The Company's expense relating to the defined contribution plan was \$6,446 and \$7,247 for the years ended December 31, 2016 and 2015, respectively.

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**Obligations and Funded Status**

The following tables summarize the Combined Balance Sheets impact, including the benefit obligations, assets and funded status associated with the Company's single employer defined benefit and non-qualified plans at December 31, 2016 and 2015.

	Non-U.S. Qualified Defined Benefit Plan		Non-Qualified Supplemental Benefits Plan	
	2016	2015	2016	2015
<b>Change in benefit obligation:</b>				
Benefit obligation at beginning of year	\$ 3,139	\$ 3,605	\$ 20,313	\$ 21,590
Service cost	102	118	—	—
Interest cost	129	130	719	708
Benefits paid	(79)	(133)	(2,484)	(2,476)
Actuarial loss (gain)	170	(1)	52	491
Currency translation and other	51	(580)	—	—
Benefit obligation at end of year	<u>3,512</u>	<u>3,139</u>	<u>18,600</u>	<u>20,313</u>
<b>Change in plan assets:</b>				
Fair value of plan assets at beginning of year	3,056	3,448	—	—
Actual return on plan assets	198	109	—	—
Company contributions	165	191	2,484	2,476
Benefits paid	(79)	(133)	(2,484)	(2,476)
Currency translation and other	51	(559)	—	—
Fair value of plan assets at end of year	<u>3,391</u>	<u>3,056</u>	<u>—</u>	<u>—</u>
<b>Unfunded status</b>	<u>\$ (121)</u>	<u>\$ (83)</u>	<u>\$ (18,600)</u>	<u>\$ (20,313)</u>
<b>Amounts recognized in the Combined Balance Sheets consist of:</b>				
Assets and Liabilities:				
Accrued compensation and employee benefits	\$ —	\$ —	\$ (2,211)	\$ (2,244)
Other liabilities	(121)	(83)	(16,389)	(18,069)
Total assets and liabilities	<u>(121)</u>	<u>(83)</u>	<u>(18,600)</u>	<u>(20,313)</u>
Accumulated Other Comprehensive Loss (Earnings):				
Net actuarial losses	1,632	1,532	9,721	9,974
Prior service cost	42	44	—	—
Net asset at transition, other	(21)	(22)	—	—
Deferred taxes	(446)	(395)	(3,592)	(3,685)
Total accumulated other comprehensive loss, net of tax	<u>1,207</u>	<u>1,159</u>	<u>6,129</u>	<u>6,289</u>
<b>Net amount recognized at December 31,</b>	<u>\$ 1,086</u>	<u>\$ 1,076</u>	<u>\$ (12,471)</u>	<u>\$ (14,024)</u>
<b>Accumulated benefit obligations</b>	<u>\$ 3,512</u>	<u>\$ 3,139</u>	<u>\$ 18,600</u>	<u>\$ 20,313</u>

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The Company's net unfunded status at December 31, 2016 and 2015 includes net liabilities of \$121 and \$83, respectively, relating to the Company's defined pension benefit plan operated by the Company's businesses in Canada.

The accumulated benefit obligation for all defined benefit pension plans was \$22,112 and \$23,452 at December 31, 2016 and 2015, respectively. Pension plans with accumulated benefit obligations in excess of plan assets consist of the following at December 31, 2016 and 2015:

	2016	2015
Projected benefit obligation (PBO)	\$3,512	\$3,139
Accumulated benefit obligation (ABO)	3,512	3,139
Fair value of plan assets	3,391	3,056

**Net Periodic Benefit Cost**

Components of the net periodic benefit cost were as follows:

**Defined Benefit Plans**

	Non-U.S. Qualified Defined Benefit Plan		Non-Qualified Supplemental Benefits Plan	
	2016	2015	2016	2015
Service cost	\$ 102	\$ 118	\$ —	\$ —
Interest cost	129	130	719	708
Expected return on plan assets	(186)	(184)	—	—
Amortization of:				
Prior service cost	2	2	—	—
Recognized actuarial loss	58	57	305	284
Transition obligation	(1)	(1)	—	—
Total net periodic benefit cost	<u>\$ 104</u>	<u>\$ 122</u>	<u>\$ 1,024</u>	<u>\$ 992</u>

Amounts expected to be amortized from accumulated other comprehensive earnings (loss) into net periodic benefit cost during 2017 are as follows:

	Non-U.S. Qualified Defined Benefit Plan	Non-Qualified Supplemental Benefits Plan
Amortization of:		
Prior service cost	\$ 2	\$ —
Recognized actuarial loss	66	330
Transition obligation	(1)	—
Total	<u>\$ 67</u>	<u>\$ 330</u>

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### Assumptions

The Company determines actuarial assumptions on an annual basis. The weighted average assumptions used in determining the benefit obligations were as follows:

	Non-U.S. Qualified Defined Benefit Plan		Non-Qualified Supplemental Benefits Plan	
	2016	2015	2016	2015
Discount rate	3.75%	4.00%	3.55%	3.75%

The weighted average assumptions used in determining the net periodic benefit cost were as follows:

	Non-U.S. Qualified Defined Benefit Plan		Non-Qualified Supplemental Benefits Plan	
	2016	2015	2016	2015
Discount rate	4.00%	4.00%	3.75%	3.45%
Expected return on plan assets	5.75%	5.75%	na	na

The Company's discount rate assumption is determined by developing a yield curve based on high quality corporate bonds with maturities matching the plans' expected benefit payment streams. The plans' expected cash flows are then discounted by the resulting year-by-year spot rates.

### Plan Assets

The primary financial objective of the plans is to secure participant retirement benefits. Accordingly, the key objective in the plans' financial management is to promote stability and, to the extent appropriate, growth in the funded status. Related and supporting financial objectives are established in conjunction with a review of current and projected plan financial requirements.

As it relates to the funded defined benefit pension plans, including those accounted for as multi-employer plans, the Company's funding policy is consistent with the funding requirements of the Employment Retirement Income Security Act of 1974, as amended ("ERISA"), and applicable international laws. The Company is responsible for overseeing the management of the investments of the plans' assets and otherwise ensuring that the plans' investment programs are in compliance with ERISA, other relevant legislation and related plan documents. Where relevant, the Company has retained professional investment managers to manage the plans' assets and implement the investment process. The investment managers, in implementing their investment processes, have the authority and responsibility to select appropriate investments in the asset classes specified by the terms of their applicable prospectus or investment manager agreements with the plans.

The assets of the plans are invested to achieve an appropriate return for the plans consistent with a prudent level of risk. The asset return objective is to achieve, as a minimum over time, the passively managed return earned by market index funds, weighted in the proportions outlined by the asset class exposures identified in the plans' strategic allocation. The expected return on assets assumption used for pension expense is developed through analysis of historical market returns, statistical analysis, current market conditions and the past experience of plan asset investments. The Company's plans were expected to achieve rates of return on invested assets of 5.75% in 2016 and in 2015.



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The Company's actual and target weighted average asset allocation for our non-U.S. Corporate Pension Plan was as follows:

	2016	2015	Current Target
Equity securities	60%	60%	60%
Fixed income	39%	31%	40%
Real estate and other	1%	9%	—%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

The fair values of the non-U.S. pension plan assets by asset category within the fair value hierarchy (as defined in Note 9 — Fair Value Measurements) were as follows:

	Non-U.S. Qualified Defined Benefit Plan							
	December 31, 2016				December 31, 2015			
	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
Fixed income investments	\$ —	\$1,319	\$ —	\$ 1,319	\$ —	\$ 936	\$ —	\$ 936
Common stock funds	—	2,050	—	2,050	—	1,833	—	1,833
Cash and cash equivalents	22	—	—	22	287	—	—	287
<b>Total</b>	<u>\$ 22</u>	<u>\$3,369</u>	<u>\$ —</u>	<u>\$ 3,391</u>	<u>\$ 287</u>	<u>\$2,769</u>	<u>\$ —</u>	<u>\$ 3,056</u>

The Company had no level 3 Non-U.S. Plan assets at December 31, 2016 and 2015.

Common stocks represent investments in domestic and foreign equities which are publicly traded on active exchanges and are valued based on quoted market prices.

Fixed income investments include investments in other government and municipal securities and corporate bonds, which are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There were no transfers between Level 1 and Level 2 investments during 2016 or 2015.

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**Future Estimates**

**Benefit Payments**

Estimated future benefit payments to retirees, which reflect expected future service, are as follows:

	Non-U.S. Qualified Defined Benefit Plan	Non-Qualified Supplemental Benefits Plan
2017	\$ 58	\$ 2,249
2018	65	2,081
2019	78	1,908
2020	91	1,736
2021	98	1,565
2022 - 2026	624	5,475

**Contributions**

In 2017, the Company expects to contribute approximately \$0.2 million to its non-U.S. qualified plan.

**14. Other Comprehensive Earnings (Loss)**

The amounts recognized in Other comprehensive earnings (loss) were as follows:

	Pre-tax	Tax	Net of tax
<b>Year Ended December 31, 2016</b>			
Foreign currency translation adjustments	\$ 953	\$—	\$ 953
Pension and other post-retirement benefit plans	154	(42)	112
<b>Total other comprehensive earnings</b>	<u>\$1,107</u>	<u>\$ (42)</u>	<u>\$ 1,065</u>
<b>Year Ended December 31, 2015</b>			
Foreign currency translation adjustments	\$(11,691)	\$—	\$(11,691)
Pension and other post-retirement benefit plans	(393)	124	(269)
<b>Total other comprehensive loss</b>	<u>\$(12,084)</u>	<u>\$124</u>	<u>\$(11,960)</u>

The components of Accumulated other comprehensive earnings (loss) are as follows:

	December 31, 2016	December 31, 2015
Cumulative foreign currency translation adjustments	\$ (26,293)	\$ (27,246)
Pension and other post-retirement benefit plans	(7,336)	(7,448)
	<u>\$ (33,629)</u>	<u>\$ (34,694)</u>

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Total comprehensive (loss) earnings were as follows:

	Years Ended December 31,	
	2016	2015
Net (loss) earnings attributable to Company	\$ (12,642)	\$ 51,698
Other comprehensive earnings (loss)	1,065	(11,960)
Comprehensive (loss) earnings	<u>\$ (11,577)</u>	<u>\$ 39,738</u>

Amounts reclassified from accumulated other comprehensive earnings (loss) to earnings (loss) during the year ended December 31, 2016, and 2015 were as follows:

	Years Ended December 31,	
	2016	2015
<b>Pension and other post-retirement benefit plans:</b>		
Amortization of actuarial losses and net transition obligation	\$ 362	\$ 340
Amortization of prior service costs	2	2
Total before tax	364	342
Tax benefit	(129)	(120)
Net of tax	<u>\$ 235</u>	<u>\$ 222</u>

The Company recognizes net periodic benefit cost, which includes amortization of net actuarial losses and prior service costs, in both Selling, general and administrative expenses and Cost of goods and services in the Combined Statements of Earnings, depending on the functional area of the underlying employees included in the plans.

#### 15. Segment Information

Historically the Company was part of the Dover Energy operating segment. As it is transitioning into a stand-alone company, the Company's Chief Executive Officer, its Chief Operating Decision Maker ("CODM"), evaluated how to view and measure its business performance. Based upon such evaluation, and effective during the fourth quarter of 2017, the Company determined it is organized into two operating segments, which are also its reportable segments based on how the CODM analyzes performance, allocates capital and makes strategic and operational decisions. The CODM allocates resources to and evaluates the financial performance of each operating segment primarily based on revenues and segment earnings. The 2016 and 2015 segment results are presented in accordance with this new structure. The segments were determined in accordance with FASB ASC Topic 280—Segment Reporting and include i) Production & Automation Technologies and ii) Drilling Technologies. The segments are aligned around similar product applications serving Wellsite's key end markets, to enhance focus on end market strategies.

- Production & Automation Technologies facilitates the efficient, safe and cost effective extraction of oil and gas. More specifically, Production & Automation Technologies designs, manufactures, markets and services a full range of artificial lift equipment, end-to-end automation solutions, as well as other

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production equipment. These products and technologies are all designed to lower production costs and optimize well efficiency for Wellsite's customers. Production & Automation Technologies' products are sold under a collection of premier brands, which Wellsite believes are recognized by customers as leaders in their market spaces, including Harbison-Fischer, Norris, Alberta Oil Tool, Oil Lift Technology, PCS Ferguson, Pro-Rod, Upco, Accelerated, Norriseal-Wellmark, Quartzdyne, Spirit, Theta, Timberline and Windrock.

- Drilling Technologies provides highly specialized products used in drilling oil and gas wells. Drilling Technologies designs, manufactures and markets polycrystalline diamond cutters ("PDCs") for use in oil and gas drill bits under the US Synthetic brand. Over 95% of Wellsite's PDCs are custom designed to meet unique customer requirements and are finished to exact customer specification to ensure optimal performance. PDCs are utilized in both vertical and horizontal drilling and need to be replaced as they wear out during the drilling process.

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Segment financial information and a reconciliation of segment results to combined results follows:

	<b>Years Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Revenue:</b>		
Production & Automation Technologies	\$638,017	\$ 912,383
Drilling Technologies	113,320	164,297
Total combined revenue	<u>\$751,337</u>	<u>\$1,076,680</u>
<b>Net earnings:</b>		
Segment (loss) earnings:		
Production & Automation Technologies <sup>(1)</sup>	\$ (12,942)	\$ 66,839
Drilling Technologies	12,946	31,133
Total segment earnings	4	97,972
Corporate expense / other <sup>(2)</sup>	(20,689)	(22,143)
Net earnings attributable to noncontrolling interest	1,851	1,436
(Loss) earnings before (benefit from) provision for income taxes	(18,834)	77,265
<b>Depreciation and amortization:</b>		
Production & Automation Technologies <sup>(3)</sup>	\$ 99,607	\$ 103,612
Drilling Technologies <sup>(4)</sup>	12,448	16,380
Combined total	<u>\$112,055</u>	<u>\$ 119,992</u>
<b>Restructuring charges:</b>		
Production & Automation Technologies	\$ 12,757	\$ 18,750
Drilling Technologies	2,405	2,480
Combined total	<u>\$ 15,162</u>	<u>\$ 21,230</u>
<b>Capital expenditures:</b>		
Production & Automation Technologies	\$ 21,588	\$ 19,272
Drilling Technologies	4,137	4,945
Combined total	<u>\$ 25,725</u>	<u>\$ 24,217</u>

(1) Segment (loss) earnings for Production & Automation Technologies excludes the net earnings attributable to noncontrolling interest.

(2) Corporate expenses are maintained at the corporate level and not allocated to the segments. Corporate expenses allocated to Wellsite totaled \$19,459 and \$20,852 for the years ended December 31, 2016 and 2015, respectively, which are recorded in Selling, general and administrative expenses in the Combined Statements of Earnings. These expenses include corporate executive management, human resources, information technology, facilities, tax, shared services, finance and legal, including the costs of salaries, benefits and other related costs.

(3) Depreciation and amortization expense for Production & Automation Technologies includes acquisition-related depreciation and amortization of \$60,025 and \$63,217 for the years ended December 31, 2016 and 2015, respectively.

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- (4) Depreciation and amortization expense for Drilling Technologies includes acquisition-related depreciation and amortization of \$115 and \$3,010 for the years ended December 31, 2016 and 2015, respectively.

	2016	2015
<b>Total assets at December 31:</b>		
Production & Automation Technologies	\$ 1,659,711	\$ 1,788,929
Drilling Technologies	191,184	194,450
Combined total	<u>\$ 1,850,895</u>	<u>\$ 1,983,379</u>

Revenue classified by significant products and services were as follows:

	Years Ended December 31,	
	2016	2015
<b>Revenue:</b>		
Artificial lift technologies	\$ 499,033	\$ 693,311
Automation technologies	65,351	93,639
Other production equipment	75,182	126,870
Drilling technologies	113,320	164,297
Intercompany eliminations <sup>(5)</sup>	(1,549)	(1,437)
Combined total	<u>\$ 751,337</u>	<u>\$ 1,076,680</u>

- (5) Intercompany eliminations for the years ended December 31, 2016 and 2015 relate principally between the product groups automation technologies and artificial lift technologies.

Information concerning principal geographic areas is presented as follows:

	Revenue		Long-Lived Assets	
	Years Ended December 31,		At December 31,	
	2016	2015	2016	2015
United States	\$ 559,266	\$ 808,549	\$ 184,268	\$ 212,181
Middle East	54,767	69,951	8,417	9,152
Canada	54,714	64,961	8,214	10,029
Europe	19,935	34,970	—	33
Australia	18,177	47,811	619	1,128
Latin & South America	23,588	23,208	229	292
Other	20,890	27,230	—	71
Combined total	<u>\$ 751,337</u>	<u>\$ 1,076,680</u>	<u>\$ 201,747</u>	<u>\$ 232,886</u>

Revenue is attributed to regions based on the location of the Company's direct customer, which in some instances is an intermediary and not necessarily the end user. Long-lived assets are comprised of net property, plant and equipment. These assets have been classified based on the geographic location of where they reside. The Company's businesses are based primarily in the United States of America, the Middle East and Canada.

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For the years ended December 31, 2016 and 2015, there were no customers that accounted for more than 10% of total revenues.

**16. Subsequent Events**

The Company evaluated subsequent events through December 4, 2017. On October 2, 2017, the Company acquired 100% of the stock of PCP Oil Tools S.A. and Ener Tools S.A., a supplier of progressive cavity pump products and services, for \$10.5 million in cash. This acquisition will become part of the Production & Automation Technologies segment and will broaden the Company's ability to supply Argentina with additional products to customers. At December 4, 2017, the initial purchase price allocation was not complete for this acquisition.

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SCHEDULE II  
VALUATION AND QUALIFYING ACCOUNTS  
Years Ended December 31, 2016 and 2015  
(In thousands)

<u>Allowance for Doubtful Accounts</u>	<u>Balance at Beginning of Year</u>	<u>Charged to Cost and Expense (A)</u>	<u>Accounts Written Off</u>	<u>Other</u>	<u>Balance at End of Year</u>
Year Ended December 31, 2016	\$ 4,431	2,941	(1,469)	(269)	\$ 5,634
Year Ended December 31, 2015	\$ 3,510	2,154	(1,159)	(74)	\$ 4,431

(A) Net of recoveries on previously reserved or written-off balances.

<u>Deferred Tax Valuation Allowance</u>	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Other</u>	<u>Balance at End of Year</u>
Year Ended December 31, 2016	\$ 64	1,018	—	—	\$ 1,082
Year Ended December 31, 2015	\$ 50	14	—	—	\$ 64

<u>LIFO Reserve</u>	<u>Balance at Beginning of Year</u>	<u>Charged to Cost and Expense</u>	<u>Reductions</u>	<u>Other</u>	<u>Balance at End of Year</u>
Year Ended December 31, 2016	\$ 12,933	—	(3,552)	—	\$ 9,381
Year Ended December 31, 2015	\$ 15,214	—	(2,281)	—	\$ 12,933